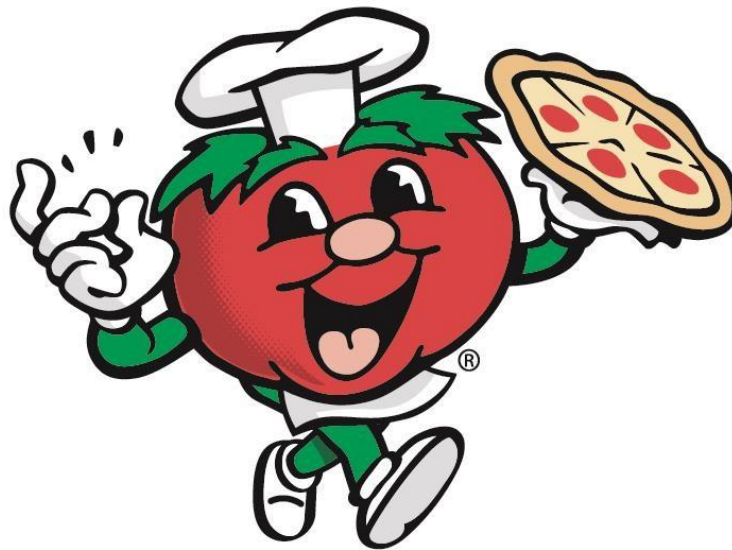


Snappy Tomato Pizza

Franchise Disclosure Document



July 16, 2025

FRANCHISE DISCLOSURE DOCUMENT

SNAPPY TOMATO PIZZA COMPANY



(A Kentucky Corporation)

6111 Burgundy Hill Drive
Burlington, Kentucky 41005
(Toll Free) (888) 463-7627
(Local) (859) 525-4680

Email: snappy@snappytomato.com

Website: snappytomato.com

Snappy Tomato Pizza Company (“Company,” “Franchisor” or “we” or “us”) offers franchises for restaurants providing carry-out, dine-in and delivery services featuring pizza, hoagie sandwiches, chicken products, salads and related food and beverage products. You may use the Mark “SNAPPY TOMATO PIZZA” plus the design. The total investment necessary to begin operation of a Snappy Tomato Pizza Company franchise is \$120,500 - \$351,000. This includes \$25,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Bill Tepe at 6111 Burgundy Hill Drive, Burlington, Kentucky 41005, (Toll Free) (888) 463-7627, (Local) (859) 525-4680.

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: July 16, 2025

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit G for information about the franchisor or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN KENTUCKY. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN KENTUCKY THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT REQUIRES THAT KENTUCKY LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

Kentucky: One time exemption filing

Indiana: July 15, 2024

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Exhibit	Description
A	Franchise Agreement
B	Current Franchisees
C	Terminated or Non-Renewed Franchises
D	Financial Statements
E	List of State Agents For Service of Process
F	Table of Contents of Operations Manual
G	List of State Franchise Administrators

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

Company

To simplify the language in this Franchise Disclosure, Company means Snappy Tomato Pizza Company, the Franchisor of this business. “You” means the person who buys the franchise whether you are an individual or a corporation, partnership, Limited Liability Company or other entity. Company is a Kentucky corporation incorporated on February 23, 1993. Company’s principal business address is 6111 Burgundy Hill Drive, Burlington, Kentucky 41005. Company will do business under the name Snappy Tomato Pizza and Snappy Tomato Pizza Company with the franchises offered by this Disclosure Document. Company’s agents for service of process are listed in Exhibit E.

Company is the successor to two businesses, Spooner’s Pizzeria, Inc. (Spooner’s) and Snappy Tomato Pizza International, Inc. (International). Company formed under the name Snappy Tomato Pizza Company to acquire the assets and certain liabilities of International, which it so acquired on February 23, 1993. Spooner’s merged its operations with and into Company effective July 19, 1993, at which time Company’s name was changed to Spooner’s-Snappy Tomato Pizza Company. On September 14, 1993, Company changed its name to its present form. The Company has operated businesses of the type being offered since 1994. The Company has offered franchises of the type being offered since February 23, 1993.

Company’s Business Activities

The franchise being offered hereby (a Franchise) consists of the right to construct, own and operate a Restaurant under the proprietary mark Snappy Tomato Pizza and the right to use that mark, and such other trademarks, service marks, trade names, formula and recipes that Company may license you to use under the Franchise Agreement at a site Company approves. A copy of the Franchise Agreement is attached to this Disclosure Document Agreement as Exhibit A.

Snappy Tomato Pizza Restaurants have a uniform limited menu. The primary menu item is pizza; however, the Restaurants also offer hoagie sandwiches, chicken products, pasta and salads. Pizzas are available in various sizes with a variety of toppings. The Restaurants also offer specialty pizzas, including The Ranch™, The Snapperoni™, and a large pizza known as The Beast™, and a limited number of soft drinks and other non-alcoholic beverages. A few of the Restaurants serve draft beer and several offer sit-down dining. A Restaurant may not offer sit-down dining or alcoholic beverage without Company’s previous approval. Company does not permit the Restaurants to serve any alcoholic beverages other than beer and, at some Restaurants, wine or wine coolers. Snappy Tomato Pizza Restaurants have delivery and have pick-up services available.

Company has developed, owned, operated and licenses others to develop, own and operate what it considers to be a distinctive style of pizza/carry-out/delivery restaurant under the name Snappy Tomato Pizza (Restaurant). Company has not offered and does not offer franchises in other lines of business. Neither of Company’s predecessors ever offered franchises in other lines of business.

The Franchised Restaurant and Business to be Offered

A Franchise must be operated in accordance with the standards, specification and procedures Company develops for the operation of a Restaurant and the promotion and sale of the Restaurant’s products (the System). Distinguishing characteristics of the System include a format (including decor, layout, design, color schemes, equipment and signage) and certain systems, procedures, recipes, methods, standards,

specifications and advertising, promotional, marketing and merchandising programs and techniques Company develops. Company has developed a detailed and complete Operations Manual which contains descriptive photographs and guidelines for every aspect of restaurant operation. You must use the Operations Manual in the operation of your restaurant. The contents of the Operations Manual will be taught to you and you must follow the guidelines in the operation of the restaurant.

All Franchise Restaurants must conform to Company's specifications regarding their exterior appearance, signage and interior decor. The majority of the Restaurants are in leased space in commercial shopping centers, although Company does not prohibit free-standing sites. Each Restaurant has cooking, food preparation, service and counter areas. Several existing Restaurants have sit-down dining.

Before signing the Franchise Agreement, a prospective franchisee (an Applicant) must submit a Personal Profile. If Company approves the Applicant, the Applicant and Company will sign a franchise agreement.

Although Company's predecessors offered and sold franchises for pizza carry-out/delivery restaurants, the Predecessor Franchises were sold under a number of different franchise agreements over the course of more than 10 years. These franchise agreements, which Company assumed from its predecessors, are on terms which vary materially from those contained in the Franchise Agreement attached to this Disclosure Document.

The Company engages in no business activities other than the type being franchised, and does not offer franchises in any other lines of business. The Company has operated businesses of the type to be operated by the Franchisee since 1994. The Company has offered franchises for the same type of business as that to be operated by the Franchisee since 1993. Company has not offered franchises in any other lines of business.

You will compete with other national, regional and local pizza chains, as well as independent pizza chains. Other significant competition will come from restaurants offering hamburgers, roast beef sandwiches, Mexican food, chicken and other products in fast food or convenience food restaurants. Many of those competitors, both organizationally and at the individual restaurant level, have significantly greater resources, experience and expertise than do Company or many prospective franchisees. In addition, all of these markets, including the market for pizza, are highly developed and are intensely competitive.

The Franchise targets its services to the general public. The Franchise will compete with other local businesses, as well as with local, regional or national chains of restaurants and other food service businesses offering pizza, sandwiches, salads and other food and beverage products for on-premises consumption and carry-out.

There may be specific laws or regulations in your state or municipality regarding the operation of this business. These may include health and safety regulations, employment regulations and food handling regulations. The laws in your state or municipality may be more or less stringent. You should examine these laws before purchasing a franchise from Company.

ITEM 2: **BUSINESS EXPERIENCE**

Chief Executive Officer/Director: Tim Gayhart.

Mr. Gayhart has been a Snappy Franchise Owner since 1992 and over the years has owned and operated 20 Snappy Tomato Pizza Locations, including 13 locations simultaneously. He currently owns and oversees 6 (inclusive of one Company-owned location) Snappy Tomato Pizza locations. Tim also owns a Gold Star

Chili Restaurant in Dry Ridge, Ky. He is an active member of the Gold Star - Franchise Advisory Committee. Mr. Gayhart is also in the real estate business with the Realty Place Firm.

Director: Melanie Gayhart.

Ms. Gayhart studied organizational psychology at NKY University. She has extensive experience in the restaurant industry, including with Snappy Tomato. In addition, Ms. Gayhart served as an Administrative Assistant at Merrill Lynch.

Director: Noah Gayhart.

Mr. Gayhart graduated Summa Cum Laude from the University of Kentucky in 2021 with a degree in finance. He currently holds a position at The Bishoff Financial Group based in Columbus, OH.

Director and Director of Operations: Robert Welch.

Mr. Welch graduated from Eastern Kentucky University in 2001 with a degree in Public Relations. He started his career with Snappy Tomato Pizza in 2003.

Director of Marketing: Andrew Ritter.

Mr. Ritter has served as Director of Marketing since January 2009. From June 2007 until December 2008 he served as Marketing Manager for the Company. Prior to that time, Mr. Ritter was a full-time student.

Director of Franchise Sales: William Tepe.

Mr. Tepe has served as Director of Franchise sales since June, 2008. From January 2006 until June 2008, Mr. Tepe served as Company's Information Systems Manager. From 1998 to 2006, Mr. Tepe served as an Information Technology Consultant for Micro-Systems Support, Inc.

ITEM 3:
LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

ITEM 4:
BANKRUPTCY

No person previously identified in Items 1 or 2 of this Disclosure Document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

ITEM 5:
INITIAL FEES

You must pay the Company an application fee of \$1,000 when you submit the Personal Profile Form.

When you sign the Franchise Agreement, you must pay the Company an initial franchise fee of \$25,000, to which the application fee will be credited. The Company reserves the right in its sole discretion to reduce the initial franchise fee for existing Franchise Owners who open additional Snappy Tomato Restaurants.

The individual franchise fees are fully earned and non-refundable under any circumstances, unless:

- (1) No acceptable site is found and approved within 90 days from the date you sign the Franchise Agreement. In this event, the Company may terminate the Franchise Agreement and return the franchise fee, without interest, less Company's administrative and operational costs and expenses Company incurs, not to exceed \$2,500.00; or
- (2) Company determines that you are unable to satisfactorily complete the training program required of all franchisees, in which case the Company may terminate the Franchise Agreement and return the franchise fee, without interest, less Company's administrative and operational costs and expenses Company incurs, not to exceed \$2,500.00 (Section 5.a.iii.).

ITEM 6:
OTHER FEES

Type of Fee	Amount	Due Date/To Whom Paid	Remarks
Royalty Fees	The greater of 5.0% of Gross Sales or \$400.00	Payable by EFT weekly by 5:00 p.m. on the 9th day following the close of the week/Company	See Definition of Gross Sales ¹
Advertising Fund	3.5% of Gross Sales	Payable at the same time and in the same manner as Royalty Fees/Company	You must contribute 3.5% to Company's Advertising Fund. (Section 10(c))
Local Advertising	2.0% of Gross Sales	Monthly/Local Advertisers	You must spend a minimum of 2.0% of your Gross Sales on local advertising. (Section 10(a))
Cooperative Advertising	Proportional share to be determined	Monthly/Currently	Up to 2.0%, which will be credited toward local advertising requirement (Section 10(d))
Directory Listing	Cost of listing	Time of listing/Local Service	You must advertise in the local Classified or Yellow Pages directory. (Section 10(b))
Advertising Fee Increase	Maximum increase of up to 2.0% of Gross Sales	30 days after announcement of increase/Company	Company may increase the Advertising Fund and/or local Advertising contribution to a total of 10.0% of Gross Sales. (Section 10(e))
Audit	Cost of audit plus interest on Underpayment	30 days after billing/Local Auditor	Payable only if audit shows that You understated Gross Sales by at least 2.0%. (Section 8(s)(ii))
Late Fees	Highest applicable legal rate for open account business credit, not to exceed 1.5% per month	After due date/Company	Applies to all Royalty Fees, advertising contributions and amounts due for purchases from Company or its affiliate(s). (Section 5(f))

Type of Fee	Amount	Due Date/To Whom Paid	Remarks
Supplier/Supplies Approval	Reasonable cost of inspection and actual cost of test	Time of inspection/Supplier	Applies to new suppliers or Supplies you wish to purchase that Company has not approved. (Section 8(l))
Refurbishing	Amount not to exceed 50% of the total straight line depreciation allowable for federal income tax purposes on the restaurant building and personal property, less amounts previously expended for remodeling and redecoration.	Time of refurbishing/Local Contractor	You must update your Franchise to Company's then-current image sometime after the first 7 years of the Franchise Agreement. (Section 11(a))
Insurance Policies	\$7,000 to \$10,000 per annum (Estimate)	Must have the policies before you acquire an interest in the real property on which you will operate the Franchise	Minimum amounts required (Section 12)
Assignment Fee	\$5,000 plus Company's attorney's fees	Time of Assignment/Company	This transfer fee does not apply to an assignment of interest to a corporation under Section 15(d) of the Franchise Agreement. (Section 15(c)(x))
Additional Personnel Training	\$500 per day plus expenses	Time of service/Company	You pay for training beyond the 3 people allowed by Company if you request it. (Section 9(b))
Additional Training Programs	\$500 per day plus expenses	Time of training/Provider	Additional training programs are at your cost. (Section 9(b))
Indemnification	All costs, including attorneys' fees	Upon settlement or conclusion of claim or action/Company	You must defend suits at your own cost and hold Company harmless against suits involving damages resulting from your operation of the Franchise (Section 12(b))
Miscellaneous	Varies	Upon breach of the Franchise Agreement/Company	You must personally guaranty and will be liable for any breach of the Franchise Agreement. (Exhibit B to the Franchise Agreement).
Renewal Fee	Greater of \$5,000 or 20% of the then-current initial franchise fee	Time of Renewal/Company	You must pay this fee if you renew the Franchise Agreement. (Section 4(b)(vi)) ³

¹Gross Sales. Gross Sales means the total revenues derived from the sale of any and all products or services sold (including all business conducted and income of any sort derived) in, on, at, about, from or through the Restaurant or any associated business, whether for case or on a charge, credit or time basis, without reserve or deduction for inability or failure to collect, including these sales and services: (i) where orders originate and/or are accepted by you in the Restaurant but delivery or performance is made from or at any place other than the Restaurant; or (ii) received via the telephone or other similar orders received or filled at or in the Restaurant; or (iii) through vending machines, coin-operated devices; or (iv) associated with the Restaurant business but made at other places, including fairs, athletic contests or special events or through mobile units or temporary locations. Company will deduct the following from Gross Sales (provided that the same have been included in Gross Sales): (i) the amount of over-rings made to customers and refunds, allowances or discounts to customers and refunds, allowances or discounts to customers (including coupon sales) made to customers in good faith and in accordance with Company's policies prescribed periodically; and (ii) the amount of any excise or sales tax levied on retail sales and collectively paid over by you to the appropriate governmental authority. (Section 5(b)(iii))

²Insurance Policies. The following is a list of the required coverage with the respective minimum limits of coverage: (Section 12.c.)

- (A) Commercial General Liability Insurance, including coverage for products, completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses and if applicable, liquor liability, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverage, which may have different limits of not less than \$50,000 per fire and \$5,000 per person, respectively); plus non-owned automobile liability insurance and, if you own, rent or identify any vehicles with any of the Marks or vehicles used with the operation of the Restaurant, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injuries of \$500,000 per person and \$1,000,000 per accident, and property damage limits of \$100,000 per occurrence; plus excess liability umbrella coverage for the general liability and automobile liability coverage in an amount of at least \$500,000 per occurrence and \$1,000,000 in aggregate. This coverage must be on an occurrence basis and must provide for waivers of subrogation.
- (B) Comprehensive crime and blanket employee dishonest insurance in an amount of at least \$10,000.
- (C) All-risk property insurance, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment, food and beverage products. Coverage must be written in a value which will cover at least 80% of the replacement cost of the building and 100% of the replacement cost of the contents of the building.
- (D) Estimate does not include worker's compensation insurance, which may be subject to state administered fund or private insurance, depending upon the laws of the state in which you locate the restaurant.
- (E) Business interruption insurance of at least \$50,000 per month for loss of income and other expenses with at least 6 months of coverage.
- (F) Employment practices liability insurance to cover against employment claims made by employees with a limit of not less than \$50,000.

- (G) Cyber liability insurance to cover liability for a data breach and similar claims with a limit of not less than \$50,000.
- (H) During any period or periods of remodeling or construction, policies of builder's risk insurance coverage in form, substance and amount satisfactory to Company.
- (I) Any additional insurance that Company or the law periodically requires (whether due to inflation, identification of special risks, changes in law or standards of liability, higher damages, other relevant changes in circumstance or otherwise).

If you fail to procure and maintain this insurance coverage, Company has the right and authority to procure this insurance coverage and to charge you, which charges, together with a reasonable fee for Company's expenses incurred in this procurement, you must pay immediately upon notice. (Section 12(c)(viii))

Any interest owed begins to accrue from the date of underpayment. You will not incur any other fees or payments for payment to Company.

³All fees are non-refundable unless otherwise noted. Some of the fees collected may be collected on behalf of an Area Franchisor.

ITEM 7:
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Estimated Amounts (Low-High Range)			Method of Payment	When Due	To Whom Payment is Made
Application Fee	\$1,000			Lump Sum	Upon completion of Personal Profile	Company
Initial Franchise Fee	\$25,000			Lump Sum (less application fee)	Upon signing Franchise Agreement	Company
Real Estate ¹	\$1,500	-	\$4,000	As Incurred	As Incurred	Landlord
Equipment, Fixtures, Other fixed assets, Remodeling, Leasehold Improvements and Decorating Costs ²	\$65,000	-	\$250,000	As Incurred	Before Opening	Approved Suppliers
Initial Supplies and Inventory	\$4,500	-	\$8,000	As Incurred	Before Opening	Approved Suppliers
Training ³	\$2,500	-	\$5,000	As Incurred	Before Opening	Miscellaneous Vendors
Security Deposits, Other Prepaid Expenses and Working Capital ⁴	\$10,000	-	\$30,000	As Incurred	As Incurred	Employees, Utilities, Suppliers, Tradesmen
Miscellaneous Costs ⁵	\$500	-	\$1,000	As Incurred	As Incurred	Approved Suppliers
Additional Funds ⁶	\$1,500		\$2,000	As Incurred	As Incurred	Miscellaneous Vendors
Initial (Grand Opening) Marketing	\$10,000	-	\$25,000	As Incurred	As Incurred	Miscellaneous Vendors
TOTAL	\$120,500	-	\$350,000			

NOTES

¹Real Estate. Company assumes that the Restaurant premises will consist of leased space located within a strip shopping center and that you will not have to construct the Restaurant but can remodel an existing location. You are responsible for leasing the premises for the Restaurant. The size of the premises needed for a Restaurant is approximately 750 to 3,000 square feet, depending on whether the Restaurant will offer sit-down dining. You will enter into a lease directly with the landlord and the amount and timing of lease payments will be determined under the lease. Company estimates the rent to range from \$1,500 to \$4,000 per month depending upon various factors, including size, condition and location of the leased premises.

²Equipment, Fixtures, Other Fixed Assets. The cost of decorating, remodeling and leasehold improvements varies depending on the size, condition and location of the Restaurant, the amount of improvements required, price differences among contractors, local wage rates, the cost of materials and the extent to which equipment is built on site. The cost of furniture, furnishings, fixtures and equipment varies depending on the size, condition and location of the Restaurant, the amount of furniture, furnishings, fixtures, and equipment required and price differences among suppliers. The high range of \$250,000 includes \$50,000 allocable for installation of a buffet which is a feature optional to you.

³Training. Company does not charge you a fee for enrollment in the initial training program and 2 additional designees, but each individual must pay their own travel, living, lodging and other expenses incurred in attending Company's initial training program including airplane, hotel, meal and personal expenses.

⁴Security Deposits, Other Prepaid Expenses and Working Capital. You will need sufficient capital to cover all costs of doing business. It is not possible for Company to provide an accurate estimate of the capital needed due to the many variables involved, including the number of employees working, rates of pay, utility bills, etc. You also must evaluate working capital requirements for your specific operation in the context of other variables including the local economy, competition, location and management ability.

⁵Miscellaneous Costs. Miscellaneous costs include the cost of insurance, training of employees, salaries, grand opening advertising, professional fees, sales, tax, obtaining a beer license (if applicable) and other similar expenses.

⁶Additional Funds. This estimates other startup expenses. These figures are estimates and Company cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how much you follow Company's methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our product; competition; and the sales level reached during the initial period.

⁷ Total. Company relied on its years of experience in this business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Company does not offer, either directly or indirectly, financing to you for any items.

ITEM 8:
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase all fixtures, furnishings, signs, equipment, uniforms, inventory, supplies, products, ingredients, materials and other property or services used in the operation of the Restaurant as Company may periodically specify, and must purchase this property solely from designated and/or approved suppliers. Company will provide a list of the then current approved suppliers to you periodically. If you desire to purchase items from an unapproved supplier, or to obtain approval for items that have not previously been approved by Company for the Restaurant, you must submit a written request to Company for approval (or request the supplier to do so). Company has the right to require, as a condition of its approval that its representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, at Company's option, to Company or its designee for testing and/or evaluation. You or the supplier will pay a charge not to exceed the cost of this inspection and testing and/or evaluation and Company will not be liable for damages to any sample which may result from the testing process. Company will notify you of approval or disapproval in writing within 60 days after receipt of your request and samples. Company has the right to re-inspect facilities and items and to retest the products of any supplier at any time and revoke approval of any supplier, service or item that fails to continue to meet any of Company's then current criteria. (Section 8(l))

If you install or use any equipment, fixtures, furniture, interior and exterior signs or any other personal property which is not in conformity with Company's standards or specifications, Company may demand that you close the Restaurant and take the necessary steps to bring the Location and its equipment, fixtures, furnishings, furniture, interior and exterior signs and other personal property, into conformity with Company's standards and specifications, and you may not reopen the Restaurant until Company approves in writing. (Section 8(m))

Company applies the following general criteria in approving a proposed supplier:

1. Ability to purchase product in bulk;
2. Quality of services;
3. Production and delivery capability;
4. Proximity to Franchises to ensure timely deliveries of product; and
5. Dependability of the supplier.

Company's specifications and standards for purchasing are in the Manual, as modified periodically.

Certain suppliers may make payments to Company in the form of rebates, commissions, licensing or other consideration because of transactions with franchisees. Company will retain 100% of all rebates, commissions or other consideration paid by suppliers. Company considers their involvement in supplier and supply review a critical involvement which requires time resources of Company's management. The retention of any rebates, commissions, license fees or considerations is necessary to offset the expense of these time resources and is considered compensation for services rendered.

Company may receive the benefit of extended credit terms for its own stores from its primary distributor.

Company may receive revenue from required purchases by franchisees based on the volume of certain purchases, such as pizza sauce, cheese, pepperoni, sausage, bacon, boxes, bags, and other items from time to time. In 2024, Company's total revenues were \$2,632,947 and Company's revenue from all required purchases of products was \$248,401. The percentage of franchisor's total revenues that are from required purchases is approximately 9.4%. The estimated proportion of these required purchases by the franchisee to all purchases and leases by the franchisee of goods and services in establishing and operating the franchised business is approximately 3.0% initially and 2.5% ongoing. All required purchases are product related.

There are no purchasing cooperatives in existence at this time. The Company negotiates purchase arrangements with suppliers, including price terms, for the benefit of franchisees.

You must purchase certain food items (including chips/snacks, pizza sauce, sausage, pepperoni, cheese, bacon, buns, steak patties, soft drinks and garlic sauce packets), boxes and uniforms from designated suppliers. In addition, Company may change designated suppliers. A list of the then current designated suppliers will be provided you periodically. Company is not currently the designated supplier of any goods or service and Company is not affiliated with any of the designated suppliers.

Company does not provide material benefits to a franchisee based on franchisee's purchase of particular products or services or use of particular suppliers.

Without the Company's written consent (which may be withheld or conditioned in its sole discretion), you may not contract with or use any third-party delivery service (e.g., Door Dash or Uber Eats).

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 the Franchise Agreement	Item in the Disclosure Document
Site Selection and acquisition/lease	Section 2	Item 12
Pre-opening purchases/leases	Section 2	Items 7 & 8
Site development and other pre- opening requirements	Sections 2, 3 & 9	Items 6, 7, & 11
Initial and on-going training	Section 9	Items 6 & 11
Opening	Section 3	Item 11
Fees	Sections 1, 2, 5, 8, 9, 10, 11, 12 & 14	Items 5 & 6
Compliance with Standards and Policies/Operating Manual	Sections 7 & 8	Item 11

Obligation	Section In the Franchise Agreement	Item in the Disclosure Document
Trademarks and Proprietary Information	Sections 7 & 8	Items 13 & 14
Restrictions on Products/Services Offered	Section 8	Items 8 & 16
Warranty and Customer Service Requirements	Section 8	N/A
On-going Product/Service Purchases	Section 8	Items 8 & 11
Maintenance, Appearance and Remodeling Requirements	Sections 2 & 11	Items 6 & 17
Insurance	Section 12	Items 6 & 7
Advertising	Section 10	Items 6 & 11
Indemnification	Section 12	Item 6
Owner's Participation/Management/Staffing	Section 8	Item 15
Records/Reports	Section 8	Items 8 & 11
Inspections/Audits	Section 8	Items 6, 11, & 13
Transfer	Section 14 & 15	Items 6 & 17
Renewal	Section 4	Item 17
Post-Termination Obligations	Section 13	Item 17
Non-Competition Covenants	Section 16	Item 17
Dispute Resolution	Sections 18 & 19	Item 17
Licenses	Section 8	N/A

ITEM 10:
FINANCING

Company does not offer direct or indirect financing. Company does not guarantee your note, lease or obligation. There have been exceptions to this policy.

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

Except as listed below, Company is not required to provide you with any assistance.

A. Company's Obligations Before the Franchise Opens:

1. If Company and you do not designate a location for the Restaurant when you sign the Franchise Agreement, Company will provide assistance to you as Company deems appropriate in evaluating and determining a site to designate as a location for the Restaurant, including, if applicable, the consultation with you that Company deems appropriate with the lease for the location of the Restaurant. (Section 2(b)(i)) Company does not generally lease space to franchisees.
2. Company will provide you with a copy of Company's prototype Restaurant plans, specifications and guidelines and, upon request, will consult with you as Company deems appropriate regarding layout and design of a typical Restaurant. (Section 2(c)(ii) and Section 6(a)) Company will review your site plans and final construction or remodeling plans and specifications for conformity to construction and remodeling standards and specifications upon Company's receipt of your written request for approval. (Section 6(b))
3. Company will provide an initial training program for new franchisees. (Section 9) Company describes the training program specifically below.
4. Company will provide you with the pre-opening assistance that Company deems appropriate with the opening of the Restaurant by you, including assistance by Company's personnel in the planning and development of pre-opening and promotional programs. (Section 6(e).)
5. Company will give you 1 copy of its Operations Manual. The Manual is confidential and includes various materials regarding, among other things, operations and other matters, and contains certain specifications, standards, procedures and other materials relating to the Franchise, which you must observe. Company reserves the right to periodically revise the contents of the Operations Manual to add to, delete from or otherwise revise the matters covered by the Operations Manual, and you must comply with each changed requirement within the time that Company requires. You must ensure that your copy of the Manual and any other manuals given to you are kept current and up to date and, in the event of any dispute as to the contents, the terms of the master copies Company maintains at its principal place of business are controlling. Exhibit F to this Disclosure Document contains the table of contents of the Operation Manual.
6. Company does not guarantee the performance, operation and success of its assistance, advice, suggestions and plans.

B. Company's Obligations During the Operation of the Franchise:

1. Company will provide periodic continuing individual or group advice, consultation and assistance regarding the System that Company deems necessary or appropriate, which may be rendered by personal visit or telephone, in the Manual, by newsletters, bulletins or otherwise. (Section 6(h))
2. Company will provide the periodic merchandising, marketing and other data and advice that Company deems appropriate. (Section 6(g))
3. Company will make available the ongoing training programs that Company deems appropriate at the times and places and on the terms that Company designates. (Section 6(d))
4. Company has an Advertising Fund to which you must contribute an amount equal to 3.5% of your Gross Sales. Company will direct all advertising programs with sole discretion over the creative concepts, materials and media used in these programs and their placement and allocation. The media used may include print, television, radio or other media used in these programs and their

placement and allocation. The media used may include print, television, radio or other media and may be local, regional or national in scope. Company will, however, undertake no obligation in administering the advertising Fund to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly pro rata from the placement of advertising. Company may use the monies to meet any costs of maintaining, administering, directing, producing and preparing promotions and advertising including the cost of conducting public relations activities and advertising and producing promotional brochures and other marketing materials to franchisees in the System. Company will conduct all advertising in-house, but may use a national or regional advertising agency in the future. Company will not be compensated for providing services to the Advertising Fund except for paying Company personnel who will conduct and develop advertising. Company will prepare an annual accounting of the operation of the Advertising Fund and make it available to you upon request. Company reserves the right, at its option, to require that this annual accounting include and audit of the operation of the Advertising Fund prepared by an independent certified public accountant Company selects, and prepared at the expense of the Advertising Fund. All contributions to the Advertising Fund will be expended for advertising and promotional purposes during Company's fiscal year within which you make the contributions. All expenditures in the following fiscal years will be made first out of any current interest or other earnings of the Advertising Fund, next out of any accumulated earnings and finally from principal. Company will not use any monies from the Advertising Fund to directly solicit new franchisees. There are no advertising councils presently in place or under consideration for the immediate future. (Section 10(c))

5. If Company deems it appropriate, Company may require you to join with other franchisees in a local or regional advertising cooperative and to pay the amounts determined periodically by these cooperatives not to exceed 2.0% of your weekly Gross Sales (this amount to be credited against the amounts you must expend for local advertising). Company reserves the right to require you to cooperate with other franchisees in regional promotional, advertising and marketing activities regardless of whether Company establishes an advertising cooperative. Company may also require a 1-vote-per-Restaurant voting structure with regard to this advertising cooperative. Membership in a cooperative will be determined at the Company's sole discretion, and the Company shall, in its sole discretion, have the power to require cooperatives to be formed, changed, dissolved, or merged. Any cooperative may not necessarily operate from particular governing documents. In the event that a cooperative operates from governing documents, such documents will be available for review by the franchisee. There is currently a Cooperative in place for the Northern Kentucky area franchises.
6. Company may periodically offer to provide you with approved local advertising and marketing plans and materials, including, newspaper ads, radio commercial tapes, television commercial prints and other promotional and marketing materials, at a price equal to Company's cost. (Section 10(f))
7. Company will cooperate with you to protect you against any infringement of the System and the proprietary marks that identify the System, including the defense of prosecution of any lawsuits if, in the judgment of Company's counsel, this action is necessary or advisable. (Section 12(b)(ii))
8. Company will provide specifications to you for the computer generated point of sale system you may use in your Franchise. Company will have full access to all of your data, systems and related information by direct access, whether in person or by telephone/modem.

9. Company does not guarantee the performance, operation and success of Company's assistance, advice, suggestions and plans.
10. Company has no advertising council of elected franchisees.

C. Methods Used to Select the Location of the Franchise:

Company grants each Franchise only for a single Restaurant at specified site. You select the site of the Restaurant subject to Company's approval. If the site has been selected and approved when you sign the Franchise Agreement, the site is designated in Exhibit A to the Franchise Agreement. If the site is not known at the time of signing the Franchise Agreement, you must select a site within the designated metropolitan area specified in the Franchise Agreement and obtain Company's approval of the site and the lease within 90 days following the signing of the Franchise Agreement.

Company's approval of the location of the Restaurant will not be unreasonably withheld. Reasonable grounds for disapproval by Company include circumstance in which the proposed location (i) is not within the designated metropolitan areas, (ii) is not in a high-density traffic area, (iii) would substantially impinge upon the marketing area already adequately served by another Restaurant or (iv) does not conform to Company's other standard site selection criteria regarding general location, demographic factors, parking, access, visibility, location of comparable businesses, size, condition, layout, appearance, type of building and other physical characteristics and lease terms and conditions. Company does not guarantee the suitability or success of any site. If you lease the location of the Restaurant, you must submit the lease to Company in advance of signing for examination and written approval.

D. Typical Length of Time Before Operation:

The typical length of time between the signing of the Franchise Agreement or the first payment of consideration for the Franchise and the opening of the Restaurant is estimated to be 3 to 6 months. Factors that may affect this time period generally include your ability to obtain a satisfactory location and lease for the Restaurant, to negotiate a satisfactory lease, to obtain financing and necessary zoning, building and other local permits and compliance and to complete construction, remodeling, decorating, purchasing and installation of equipment, fixtures and signs and similar factors.

E. Training:

The initial training the Company provides is also described in this Item 11, above.

Company will train you and up to 2 of your employees before beginning operations of the Franchise at Company's headquarters or other Company-designated location for approximately 2 weeks as described below:

SUBJECT	Time Begun***	Instructional Material	Hours of Classroom Training**	Hours of On-The-Job Training*	Instructor
Store Opening	5-7 wks prior to opening	Owner/Manager Manual	3 to 5 hours	N/A	Dir of Operation
Cost Control Methods	4 wks prior to opening	OPS & O/M Manuals	2 to 4 hours	Ongoing	Dir of Operation
Managerial Skills	4 wks prior to opening	OPS & O/M Manuals	2 to 4 hours	Ongoing	Dir of Operation
Dough & Ingredient Prep	4 wks prior to opening	OPS & O/M Manuals	Minimal	One full day	Dir of Operation
Pizza Production	4 wks prior to opening	OPS & O/M Manuals	Minimal	5 to 10 days	Dir of Operation
Delivery	4 wks prior to opening	OPS & O/M Manuals	Minimal	5 to 10 days	Dir of Operation
Service	4 wks prior to opening	OPS & O/M Manuals	Minimal	5 to 10 days	Dir of Operation
Sandwiches/Sides	4 wks prior to opening	OPS & O/M Manuals	Minimal	5 to 10 days	Dir of Operation
Salad & Buffet Bar	4 wks prior to opening	OPS & O/M Manuals	Minimal	5 to 10 days	Dir of Operation
Opening & Closing Flows	4 wks prior to opening	OPS & O/M Manuals	Minimal	5 to 10 days	Dir of Operation
Food Safety & Sanitation	4 wks prior to opening	OPS & O/M Manuals	Minimal	5 to 10 days	Dir of Operation
Safety & Security	1 - 3 wks prior to opening	Employee Handbook	1 to 3 hours	As needed	Dir of Operation
Marketing	Beginning of store development	Advertising Planning Guide	5 to 50 hours	As needed	Dir of Marketing

* Highly dependent on the skill level of the operator

** Classroom training can be held on the premises of the training store.
Classroom training duration is dependent on the size of the class.

*** Beginning time of all training is dependent on construction schedule of the store.
Company will maintain a formal training staff including:

Name	Position	Experience Level
Joe Clark	Co-Director of Operations	20+ years of operations experience in the restaurant business
Robert Welch	Co-Director of Operations	20 years of operations experience with the Snappy Tomato System

Company will not charge you a fee for one-time enrollment in the initial training program by you and two of your employees (if you do not serve as the Manager, one of the employees must be the Manager). You must pay Company for each additional employee enrolled in any initial training program the standard fee then being charged by Company for additional enrollees. If Company makes additional training programs available, you must pay Company the standard fee Company then charges for persons attending these programs. Each training fee includes tuition and materials only. You are responsible for all other costs and expenses (including room, board, transportation and wages) of each person who attends any of the programs (Section 9(b))

You must successfully complete the initial training program requirements before the earlier of actual opening of the Restaurant or the Opening Date. If the identity of the Manager changes at any time, the replacement Manager must satisfy all of Company's then-effective initial training program requirements before acting as and being designated as a Manager. If the identity of any other person changes at any time, you must satisfy the applicable training requirement when Company specifies in the Franchise Agreement, the Manual or otherwise. (Section 9(c))

ITEM 12: **TERRITORY**

The Franchise Agreement grants you the right to operate a Restaurant at a particular site. If you wish to operate a Restaurant in an additional location, you must apply for and obtain a separate Franchise, enter into a separate Franchise Agreement and pay additional Franchise Fees. The territory granted to you will be generally an area encompassed within a 2.5 mile radius. Your franchise business may only be relocated with the express approval of the Company. This approval will be granted or denied by the Company, in writing, within thirty (30) days of your written request. The company's decision will be based on its belief in the success of the new proposed location.

You receive certain rights regarding a location area (Location Area). The description of the Location Area for each Franchise is in Section 2(a) and Exhibit A of the Franchise Agreement. The Location Area may vary from Franchise to Franchise due to factors such as traffic volume, residential and business density, demographics and competition.

During the term of the Franchise Agreement and so long as no default exists under the Franchise Agreement, Company will not open a Company-owned Snappy Tomato Pizza Restaurant under the System at any site within the applicable Location Area, neither will Company establish another Franchisee who may also use the Company's trademark within the applicable Location Area. Continuation of your Location Area is not dependent upon achievement of a certain sales volume, market penetration or other contingency, other than the nonexistence of a default under the Franchise Agreement.

The Company has not established, and shall not establish, other franchises or Company-owned outlets or another channel of distribution selling or leasing similar products or services under a different Trademark. The Restaurant must always, during approved hours of operation, offer delivery service to customers in accordance with Company's delivery standards and specifications, including any delivery area boundary specifications Company periodically announces as to the boundaries within which delivery service must be offered and/or the boundaries beyond which the Restaurant must not offer delivery service (if no outer boundaries are prescribed, you may not offer delivery service to any customer whose order cannot be delivered with a time and manner that reasonably assures the maintenance of the high quality and standards for the product, Marks and System.)

Your territorial exclusivity is not dependent upon achieving a certain sales volume or other contingencies. A franchisee may accept orders from outside his or her territory so long as such activity does not violate another franchisee's exclusive territorial rights.

The Company may develop, market, sell, distribute or license others to sell its products within your Location Area through outlets other than a Snappy Tomato Pizza Restaurant. In addition, the Company has the right, within your Location Area, without notice to you or your consent, or any compensation to you (and to license or otherwise authorize others to do the same) to do the following:

- (A) The Company may sell, or the Company may authorize others to sell, all Snappy Tomato products through channels of distribution other than Snappy Tomato Pizza Restaurants (including grocery stores, convenience stores, internet sales and catalog sales), which products, services and merchandise may be similar or identical to those offered by Snappy Tomato Pizza Restaurants;
- (B) The Company may sell products, services and merchandise that are not similar for those offered under the then current System or at the Snappy Tomato Pizza Restaurants, under the Snappy Tomato Pizza name and Marks or other names and marks within or outside your Location Area;
- (C) The Company may sell products, services and merchandise that are similar to those offered under then-current System or at the Snappy Tomato Pizza Restaurants, under other names and marks within or outside the Location Area; and
- (D) The Company may establish and operate, and grant licenses for the establishment and operation of, "Non-traditional Locations" for the sale of Snappy Tomato Pizza products, which may be similar or identical to those offered by Snappy Tomato Pizza Restaurants, within your Location Area. Non-traditional Locations are defined as either permanent (including, without limitation, a facility which meets the definition of a Snappy Tomato Pizza Restaurant), or temporary (including, without limitation, booths, kiosks and carts) food service facilities located in: (i) enclosed shopping malls larger than 250,000 square feet; (ii) food courts; (iii) airports; (iv) hotels; (v) cafeterias (whether open to the public or not); (vi) hospitals; (vii) commissaries; (viii) dormitories; (ix) schools, colleges and universities; (x) convention centers; (xi) parks; (xii) stadiums; (xiii) arenas; (xiv) ballparks; (xv) sports fields; (xvi) museums; (xvii) amusement or theme parks; (xviii) zoos; (xix) business or industry parks; and (xx) highway travel plazas. Non-traditional Locations shall also include the sale of Snappy Tomato Pizza products at parades, fairs, concerts, festivals or other mass gatherings.

ITEM 13: **TRADEMARKS**

Under the Franchise Agreement, Company grants you the right to operate a Restaurant doing business under the Mark Snappy Tomato Pizza and to use that Mark and the other Marks that Company may authorize in writing, subject to the terms and conditions in the Franchise Agreement. The Marks must be used only as authorized and only in full compliance with the Franchise Agreement and any other rules Company periodically prescribes. You may not use the Marks as part of any corporate or entity name.

Company presently owns and licenses the following Marks registered with the United States Patent and Trademark Office on the Principal Register:

<u>MARK</u>	<u>REGISTRATION NO.</u>	<u>REGISTRATION DATE</u>
SNAPPY TOMATO PIZZA and Design	1,439,566	May 12, 1987
SNAPPY	1,541,060	May 23, 1989
THE BEAST	1,557,341	September 19, 1989
THE RANCH	2,114,943	November 25, 1997
FOR COUCH TOMATOES WE DELIVER	2,581,104	June 18, 2002
THE SNAPPERONI	2,540,440	February 19, 2002
SNAPPY TOMATO PIZZA	3,615, 814	May 5, 2009
FRESHPECTATIONS	3,850,279	September 21, 2010
MAKE IT SNAPPY	3,849,965	September 21, 2010
MR SNAPPY DESIGN	3,897,908	December 28, 2010

None of the Marks have been registered in any state and no application for any state registration has been made. Company has common law right to all of the Marks beginning with their respective dates of first use.

There are no currently effective material determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; and pending material litigation involving the principal Trademarks.

There are no currently effective agreements which significantly limit Company's right to use its marks.

There are no infringing uses actually known to Company that could materially affect your use of the marks described above in this state or any other state in which you will locate Franchise. In 2022, we became aware of four infringements of the Marks arising in connection with restaurants located in Alabama, Connecticut, Florida and Massachusetts. Following cease and desist letters, each of the infringing restaurants in Alabama, Connecticut and Massachusetts have cooperated and have ceased using the Marks. We are in the process of attempting to resolve the infringing activity with respect to the restaurant in Silver Springs, Florida which is using the Snappy Tomato name. None of these matters have required litigation.

Company will cooperate with you to protect you against any infringement of the Marks, including the defense or prosecution of any lawsuits if, in the judgment of Company's counsel, this action is necessary or advisable. Company reserves the right to defend the Marks. For obvious economic reasons, in states or areas in which there are limited franchises of Company it may not be practical for Company to bear the cost of trademark litigation.

If it becomes advisable at any time in Company's sole discretion for Company and/or you to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute marks, names, logos or indicia, you must do so at your expense within a reasonable time after Company instructs you in writing.

Except as set forth in Section 7(b)(iii) of the Franchise Agreement, Company will not be liable to you for any damages, costs, expenses, loss of profits or business opportunities, or incidental or consequential damages of any kind concerning any action or other matter involving the Marks.

ITEM 14:
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Company currently has no patents. Company asserts trade secret and copyright protection for its Manual and other information and materials regarding the System. Under the Franchise Agreement, you must acknowledge that the Manual and the information and materials regarding the System are proprietary and confidential and constitute Company's trade secrets. You must at all times, during and after the termination or expiration of the Franchise Agreement, maintain the confidentiality of this Manual, information and materials. Except to the extent necessary to operate the Restaurant or otherwise expressly authorized in writing by Company, you may not disclose, copy, duplicate, record or otherwise reproduce in whole or in part, or otherwise make available to any person or source, or use in any way the Manual, information and materials. You must cause each of your employees and all third parties having access through you to this manual, information and materials, to comply with the foregoing confidentiality obligations. You must cause each of your shareholders, directors, officers and partners, the Manager and any other persons Company periodically designates to sign the Confidentiality and Non-Competition Agreement attached as Exhibit D to the Franchise Agreement.

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

The Franchise Agreement requires you or a designate to serve as the manager of the Restaurant (the Manager). The Manager cannot be changed without Company's previous written approval, must reside within a radius of 50 miles of the restaurant throughout the term of the Franchise Agreement, must successfully complete Company's initial training program and any additional training programs that Company may periodically require, and must have actual full-time involvement in the operations of the Restaurant. You must maintain and cause the Manager to refrain from involvement in any other business venture having the likely effect of diluting these efforts or involvement, or causing the Restaurant to be operated in a manner that violates Company standards, specifications or requirements. If the identity of the approved Manager changes, Company must approve any replacement Manager and must attend and successfully complete Company's initial training program before acting as or being designated as replacement Manager.

You must cause the Manager to enter into a Confidentiality and Non-Competition Agreement in the form of Exhibit C to the Franchise Agreement attached.

ITEM 16:
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Franchise Agreement provides that you must sell from the Restaurant all products and services Company specifies and shall not sell any other product or service of any kind without first obtaining Company's express written consent. The Company (and its affiliates) have and may develop for use in the

System certain proprietary products which are identified with and essential to the operation and uniformity of the franchises within the System (the “Proprietary Products”). The current Proprietary Products consist of pizza sauce, pizza dough, pepperoni (two varieties) and sausage. You are required to purchase from the Company or its affiliates (or from a source designated by the Company) all of your requirements of such Proprietary Products.

All Restaurants shall provide carry-out and delivery services. Restaurants may include sit-down dining and sell certain alcoholic beverages only if you obtain Company’s previous written approval.

You are not limited in any manner in the customers to whom you may sell your products and services, however, the Restaurant must at all times during approved hours of operation offer delivery service to customers in accordance with Company’s delivery standards and specifications, including any delivery area boundary specifications Company periodically announces as to the boundaries within which delivery service must be offered and/or the boundaries beyond which the Restaurant may not offer delivery service (if no outer boundaries are prescribed, you may not offer delivery service to any customer whose order cannot be delivered with a time and manner that reasonably assures the maintenance of the high quality and standards of the product, Marks and System).

Company has the right to add additional authorized services that you must offer. There are no limits on Company’s right to do so except that the investment required of a franchisee in Indiana (for equipment, supplies and initial inventory) will not exceed \$20,000 per year.

ITEM 17: **RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

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

THE FRANCHISE RELATIONSHIP

<u>Provision</u>	<u>Section In The Franchise Agreement</u>	<u>Summary</u>
a. Length of the term of the franchise	Section 4(a)	The term of the franchise is ten (10) years from the date you sign the Franchise Agreement.
b. Renewal or extension of term	Section 4(b)	If you have complied with all of the provisions in the Franchise Agreement, you may renew for up to three (3) additional successive term of 5 years each.
c. Requirements for you to renew	Section 4(b)	For you to renew the Franchise Agreement, you must have: (i) complied with all of the Franchise Agreement provisions; (ii) brought the Franchise into compliance with Company’s current standards; (iii) given notice of renewal to

		Company; (iv) satisfied all monetary obligations you owe to Company and its parent, subsidiaries and affiliates; (v) signed a new Franchise Agreement; (vi) met the current training requirements; and (vii) paid the then-current renewal fee. You must give Company notice of your intent to renew between 6 and 12 months before the Franchise Agreement expires.
d. Termination by you	N/A	The Franchise Agreement does not give you the right to terminate the Franchise Agreement.
e. Termination by Company without cause	N/A	The Franchise Agreement does not provide for termination without cause.
f. Termination by Company with cause	Section 13	Company may terminate the Franchise Agreement within 30 days of delivery of notice to you if you default under the terms of the Franchise Agreement.
g. Cause defined (defaults which can be cured)	Section 13	Defaults which can be cured include your: failure to comply with any term of the Franchise Agreement; failure to obtain timely lease and/or location approval; failure to timely open for business; failure to construct or maintain the Restaurant; failure to properly operate the restaurant; failure to complete training satisfactorily; unapproved transfer of the Franchise; default under the Restaurant lease or sublease; hazardous operation of the Franchise; failure to obtain Company's previous written consent; bankruptcy or insolvency; conviction or pleas of no contest to a felony or other crime or offense that can adversely affect the reputation of you or the Franchise; failure to comply with any laws; or revocation of any license or permit.
h. Cause defined (defaults which cannot be cured)	Section 13	Defaults which cannot be cured include your: failure to complete training; failure to receive Company's approval

for the Franchise location; misuse of the System or Marks; breach of the non-competition/confidentiality provisions; failure to pay any monies to Company when due; failure to submit any reports to Company when due; material misrepresentation or omission in your application for the franchise; failure to properly train your Manager or your Manager's replacement; dissolution if you are a corporation or partnership; failure to maintain insurance; or repeated default under the Franchise Agreement.

i. Your obligation on
termination/non-renewal

Section 13(f)

Your obligation on termination or non-renewal of the Franchise Agreement include your; ceasing operation of the Franchise; ceasing use of the Marks and items bearing the Marks; de-identifying the Restaurant from any confusingly similar decoration, design or other imitation of a Snappy Tomato Pizza Restaurant; ceasing advertising as a Franchise; paying all sums you owe to Company; returning all signs to Company; and assigning the telephone and facsimile numbers to Company. If you default on your obligations and Franchisor terminates the Franchise Agreement prior to the expiration of the Initial Term or any Renewal Term, within thirty (30) days following such termination, you will pay to the Company an amount equal to the average monthly Royalty Fees that you owed for the past 24 months multiplied by the lesser of 24 months or the number of months remaining in the term of the Franchise Agreement. If you have not operated the Restaurant for 24 months, the early termination damages will be calculated by using the average monthly Royalty Fees owed by you for the number of months that the Restaurant has been in operation.

j. Assignment of contract by
Company

Section 14

There are no restrictions of Company's right assign the Franchise Agreement.

k. Transfer by you definition	Section 15(a)	A transfer includes your sale, assignment transfer, encumbrance, pledge, mortgage or grant of a security interest in the Franchise Agreement.
l. Company's approval of transfer	Section 15(c)	Company has the right to approve your transfers but will not unreasonably withhold approval.
m. Conditions for Company's approval of transfer	Section 15(c)	For a transfer to a third party, Company will consider the qualification, apparent ability and credit standing of the proposed transferee.
n. Company's right to acquire your business	Section 15(b)	Company has the right of first refusal to purchase a Franchise which is for sale and for which you have received a good faith offer to purchase.
o. Company's option to purchase your business	Sections 15(b) and 13(g)	Company has the right to purchase your Business for 45 days from the date of delivery of the written offer. Company may purchase the assets of the Franchise at market value or depreciated cost value within 60 days after expiration or termination of the Franchise Agreement.
p. Your death or disability	Sections 15(f)	Your heirs, beneficiaries, devisees or legal representatives can apply to Company to continue operation of the Franchise, or sell or otherwise transfer interest in the Franchise within 180 days of death or incapacity. If they fail to do so, the Franchise Agreement will terminate and Company will have the option to buy the Franchise.
q. Non-competition covenants	Section 16	You must not own or otherwise have during the term of the franchise any interest in any Competitive Business. A Competitive Business is any business that is the same or similar to or otherwise competes with the type of business that is the subject of the Franchise Agreement or that offers or grants franchises or licenses to others to operate any like business.

r. Non-competition covenants after the franchise is terminated or expires	Section 16	Your Franchise Agreement will include state specific requirements for non-competition covenants.
s. Modification of the agreement	Section 23	The Franchise Agreement can be modified only by written agreement between Company and you.
t. Integration/merger clause	Sections 22 and 23	Only the terms of the Franchise Agreement are binding (subject to state law) and may only be modified to the extent required by an appropriate court to make the Franchise Agreement enforceable.
u. Dispute resolution by	Sections 19 and 21	Except for certain claims or as otherwise required by applicable state law,* all disputes, arbitration or mediation must be arbitrated in Kenton County, Kentucky. Pursuant to the Franchise Agreement, each of you and the Company waive punitive or exemplary damages. In addition, the prevailing party in any action is entitled to recover reasonable attorney fees and costs.
v. Choice of forum	Section 18	Except as otherwise required by applicable state law,* any action will be brought in the appropriate court in the state named in your Franchise Agreement.
w. Choice of law	Section 20	Your Franchise Agreement states what law applies (subject to state law*) to the Franchise Agreement, except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).

*These states may have statutes which may supersede the Franchise Agreement in relationship with Company, including the areas of termination and renewal of the franchise, dispute resolution, governing law and venue; ARKANSAS [stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133 et sep.], DELAWARE [Code, Sections 2551-2556], HAWAII [Rev.Stat. Section 482E-1], ILLINOIS [815 ILCS 705/19 and 705/20], INDIANA [Stat. Sections 23-2-2.5 and 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.5854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-

24-51], , NEBRASKA [Re. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the Franchise Agreement in relationship with Company, including the areas of termination and renewal of the franchise.

ITEM 18:
PUBLIC FIGURES

SNAPPY TOMATO PIZZA COMPANY does not use any public figures to promote its franchise.

ITEM 19:
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 Tim Gayhart, 6111 Burgundy Hill Drive, Burlington, KY 41005 (859) 525-4680, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION

System wide Outlet Summary
For years 2022 to 2024

	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	44	42	-2
	2023	42	42	0
	2024	42	41	-1
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	2	1
Total Outlets	2022	45	43	-2
	2023	43	43	0
	2024	43	43	1

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

State	Years	Number of Transfers		State	Years	Number of Transfers
Kentucky	2022	1		New Mexico	2022	0
	2023	0			2023	0
	2024	1			2024	0
Ohio	2022	0				
	2023	0				
	2024	1				
Indiana	2022	0		TOTALS	2022	1
	2023	3			2023	3
	2024	0			2024	2
Tennessee	2022	0				
	2023	0				
	2024	0				

**STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021/2022/2023**

State	Year	Outlets at start of year	Outlets Opened	Terminations	Not Renewed	Acquired from Company	Reacquired by Company	Left the System Other	Outlets Operating at Year End
KY	2022	26	1					1	26
	2023	26							26
	2024	26						1	25
OH	2022	4							4
	2023	4							4
	2024	4							4
IN	2022	7						1	6
	2023	6							6
	2024	6							6
TN	2022	6						1	5
	2023	5							5
	2024	5							5
NM	2022	1							1
	2023	1							1
	2024	1							1
TOTALS	2022	44	1	0	0	0	0	3	42
	2023	42	0	0	0	0	0	0	42
	2024	42	0	0	0	0	0	1	41

**STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2022/2023/2024**

State	Year	Outlets at start of year	Outlets Opened	Terminated	Not Renewed	Purchased by Franchisee	Reacquired by Company	Left the System Other	Outlets Operating at Year End
KY	2022	1							1
	2023	1							1
	2024	1							1
OH	2024	0	1						1
TOTALS	2022	1							1
	2023	1							1
	2024	1	1						2

**PROJECTED OPENINGS
AS OF DECEMBER 31, 2025**

State	Franchise Agreements Signed But Not Open	Projected New Franchised Businesses In The Next Fiscal Year	Projected Company Owned Openings In Next Fiscal Year
Kentucky	1	1	0
Ohio	0	0	1

The list of current franchisees is attached hereto as Exhibit B.

The list of franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during 2022 or who have not communicated with the Company within 10 weeks of the date of this Disclosure Document is attached hereto as Exhibit C. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no franchisees have signed confidentiality agreements.

ITEM 21:
FINANCIAL STATEMENTS

Enclosed as Exhibit D are the audited financial statements of The Snappy Tomato Pizza Company.

Company's fiscal year end is December 31.

ITEM 22:
CONTRACTS

The “SNAPPY TOMATO PIZZA” Franchise Agreement (with exhibits) is attached to this Disclosure Document as Exhibit A.

Company provides no other contracts or agreements for your signature.

ITEM 23:
RECEIPTS

Two copies of the Receipt Page for this Disclosure Document follow this page.

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 Snappy Tomato Pizza Company 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 **or sooner if required by applicable state law.**

If Snappy Tomato Pizza Company 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 other appropriate state agencies.

The Franchise seller for this offering is as follows (please check all that apply):

- ☐ Bill Tepe, 6111 Burgundy Hill Drive, Burlington, KY 41005 (859) 525-4680
- ☐ Tim Gayhart, 6111 Burgundy Hill Drive, Burlington, KY 41005 (859) 743-4053

The issuance date for this Disclosure Document is July 16, 2025

Snappy Tomato Pizza Company's registered agent for service of process is Tim Gayhart, 6111 Burgundy Hill Drive, Burlington, KY 41005.

I RECEIVED A DISCLOSURE DOCUMENT DATED JULY 16, 2025 THAT INCLUDED THE FOLLOWING EXHIBITS:

- A. Franchise Agreement
- B. Current Franchisees
- C. Terminated or Non-renewed Franchises
- D. Financial Statements
- E. List of State Agents For Service of Process
- F. Table of Contents of the Operations Manual
- G. List of State Franchise Administrators

Date: _____, 202__

Signature: _____

Print Name: _____

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 Snappy Tomato Pizza Company 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 **or sooner if required by applicable state law.**

If Snappy Tomato Pizza Company 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 other appropriate state agencies.

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- K. Financial Statements
- L. List of State Agents For Service of Process
- M. Table of Contents of the Operations Manual
- N. List of State Franchise Administrators

Date: _____, 202__

Signature: _____

Print Name: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE
INDIANA FRANCHISE DISCLOSURE LAW
AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Kentucky law if such provision are in conflict with Indiana law.
2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within 10 days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney's fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee's right to a trial on any of the above matters.”

4. No release language set forth in the Disclosure Document or Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.
6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

EXHIBIT A
Franchise Agreement

SNAPPY TOMATO PIZZA COMPANY

FRANCHISE AGREEMENT

Agreement between:

Snappy Tomato Pizza Company

6111 Burgundy Hill Drive
Burlington, Kentucky 41005
(859) 525-4680

And

() -

Dated: _____, 202_

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EXHIBITS

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DESCRIPTION

Location of Franchise; Opening Date
Guarantee
Confidentiality and Non-Compete Agreement

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT is entered into as of _____, 202__, by and between Snappy Tomato Pizza Company, a Kentucky corporation (hereinafter "Franchisor"), and _____ (hereinafter Franchise Owner").

WHEREAS, Franchisor has acquired experience, skills, techniques and knowledge regarding the development and operation of Snappy Tomato Pizza Restaurants and has developed a distinctive system (said system, as the same may hereafter be changed, improved or further developed from time to time by Franchisor, being referred to as the "System") relating to the establishment and operation of such restaurant business; and

WHEREAS, the distinguishing characteristics of the System include, among other things, a distinctive business plan and method in connection with the operation of such restaurants including products, services, standards, specifications, methods, procedures, techniques, management systems, identification schemes, information, training and promotional programs, all of which may be changed, improved and further developed from time to time by Franchisor; and

WHEREAS, Franchisor identifies the System by means of certain trade names, service marks, trademarks, symbols, emblems, signs, slogans, insignia and logos, including but not limited to those described on Exhibit attached (which, together with such other or additional or substitute trade names, service marks, trademarks, symbols, emblems, signs, slogans, insignia and logos as are now or may hereafter be designated by Franchisor in writing for use by Franchise Owners in connection with the System, all as may be changed by Franchisor from time to time, are referred to hereinafter as the "Marks"); and

WHEREAS, Franchisor continues to develop, use and control the use of the Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service; and

WHEREAS, Franchise Owner desires to enter into the business of operating a Snappy Tomato Pizza Restaurant under the System and wishes to obtain a franchise from Franchisor for that purpose in accordance with and subject to the terms and conditions set forth herein (the "Franchise"), which terms and conditions Franchise Owner acknowledges are reasonably necessary to maintain Franchisor's high and uniform standards of quality and service and to protect the goodwill and enhance the public image of the System and the Marks.

NOW THEREFORE, in consideration of the foregoing and of the covenants herein contained, the parties, hereby agree as follows:

1. Grant of Franchise

(a) License. Subject to the terms and conditions of this Franchise Agreement (hereinafter the "Agreement"), Franchisor hereby grants to Franchise Owner and Franchise Owner

hereby accepts, upon the terms and conditions set forth in this Agreement, an exclusive license to establish and operate a Snappy Tomato Pizza Restaurant (hereinafter the "Restaurant") at and only at the Location (as such term is defined in Section 2(a), below), and to use solely in connection therewith the System and the Marks.

(b) Limited Exclusivity.

(i) At the time of designation of the Location pursuant to Section 2(a)(i)(A) or 2(a)(ii), below, Franchisor will designate a Restaurant area applicable to such Location. Franchisor shall not, from and after the date of which the Location is designated pursuant to Section 2(a), below and thereafter so long as this Agreement is in force and effect and no Default (as defined in Section 13(c), below) exists, establish a Franchisor owned Snappy Tomato Pizza Restaurant or grant a franchise to another Franchise Owner under the System at any site located within such Restaurant Radius.

(ii) Franchise Owner shall have no right to sublicense hereunder and, except as provided in Section 15, below, no right to assign any right, duty, title or interest hereunder.

(iii) This Agreement relates solely to the operation of the Restaurant at the Location and nothing in this Agreement prohibits Franchisor from developing, marketing, selling, distributing or licensing others to sell its products within the Restaurant Radius through outlets other than a Snappy Tomato Pizza Restaurant. For purposes hereof, a Snappy Tomato Pizza Restaurant is defined as an enclosed restaurant at least seven hundred fifty (750) square feet in size, accessible to the general public with a direct outside entrance and exterior signage, operating under the Marks, and serving the menu items then specified by Franchisor for sale at a Snappy Tomato Pizza Restaurant. Franchisor and Franchise Owner understand and agree that regardless of anything to the contrary in this Agreement, Franchisor shall have the right to do the following within the Restaurant Radius without notice to, the consent of, or any compensation to Franchise Owner (and to license or otherwise authorize others to do the same):

(A) Franchisor may sell, or Franchisor may authorize others to sell, all Snappy Tomato products through channels of distribution other than Snappy Tomato Pizza Restaurants (including grocery stores, convenience stores, internet sales and catalog sales), which products, services and merchandise may be similar or identical to those offered by Snappy Tomato Pizza Restaurants.

(B) Franchisor may sell products, services and merchandise that are not similar to those offered under the then-current System or at the Snappy Tomato Pizza Restaurants, under the Snappy Tomato Pizza name and Marks or other names and marks within or outside the Restaurant Radius.

(C) Franchisor may sell products, services and merchandise that are similar to those offered under the then-current System or at the Snappy Tomato Pizza Restaurants, under other names and marks within or outside the Restaurant Radius.

(D) Franchisor may establish and operate, and grant licenses for the establishment and operation of, "Non-traditional Locations" for the sale of Snappy Tomato Pizza products, which may be similar or identical to those offered by Snappy Tomato Pizza Restaurants, within Franchise Owner's Restaurant Radius. Non-traditional Locations are defined as either permanent (including without limitation a facility which meets the definition of a Snappy Tomato Pizza Restaurant as set forth above) or temporary (including without limitation booths, kiosks and carts) food service facilities located in: (i) enclosed shopping malls larger than 250,000 square feet; (ii) food courts; (iii) airports; (iv) hotels; (v) cafeterias (whether open to the public or not); (vi) hospitals; (vii) commissaries; (viii) dormitories; (ix) schools, colleges and universities; (x) convention centers; (xi) parks; (xii) stadiums; (xiii) arenas; (xiv) ballparks; (xv) sports fields (xvi) museums; (xvii) amusement or theme parks; (xviii) zoos; (xix) business or industry parks; and (xx) highway travel plazas. Non-traditional Locations shall also include the sale of Snappy Tomato Pizza products at parades, fairs, concerts, festivals or other mass gatherings.

(iv) Upon the expiration or earlier termination of this Agreement for any reason, Franchisor may, in its sole discretion, establish or operate, or authorize any other person or entity to establish or operate, a Restaurant within the Restaurant Radius, or conduct any other activity, except as may be prohibited by any other agreement between Franchisor and Franchise Owner.

2. Site Selection and Development

(a) Location.

(i) The location of the Restaurant (the "Location") and the Restaurant Radius for the Location [check one box]:

(A) is specifically designated in Exhibit A attached hereto; or

(B) has not been designated but Franchise Owner plans to seek a Location within the following metropolitan area (describe metropolitan area within which Franchise Owner plans to seek a Location):

(ii) If not specifically designated in Exhibit A at the time of execution of this Agreement, a Location must be designated (and Exhibit A appropriately completed, including designation of the Restaurant Radius, to the satisfaction of Franchisor), and any lease thereof reviewed, within ninety (90) days of the date of this Agreement. Franchise Owner must obtain Franchisor's prior written approval of the Location (and pursuant to Section 2(b)(iii), below, any lease therefor).

(iii) If the Location is specifically designated in Exhibit A at the time of execution of this Agreement, Franchise Owner must allow Franchisor's prior review of any lease

for the Location pursuant to Section 2(b)(iii), below, within thirty (30) days of the date of this Agreement.

(b) Site Selection.

(i) If the Location is not designated at the time of execution of this Agreement as provided in Section 2(a), above, Franchisor agrees, if requested by Franchise Owner, to provide such assistance to Franchise Owner as Franchisor deems appropriate in evaluating and determining a site to designate as a location for the Restaurant, including, if applicable, such consultation with Franchise Owner as Franchisor deems appropriate in connection with the lease of such Location.

(ii) **NEITHER FRANCHISOR'S ACCEPTANCE OF ANY PROPOSED SITE, ASSISTANCE IN EVALUATING OR DETERMINING A SITE OR SITE LEASE OR ANY INFORMATION COMMUNICATED TO FRANCHISE OWNER WITH RESPECT TO CRITERIA FOR ANY PROPOSED SITE OR LEASE SHALL BE INTERPRETED AS A REPRESENTATION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, THAT A SUITABLE LOCATION OR LEASE FOR A RESTAURANT SHALL BE FOUND OR THAT ANY LOCATION FOUND OR LEASE OBTAINED SHALL BE SUITABLE OR THAT THE OPERATION OF THE RESTAURANT AT SAID LOCATION OR UNDER SUCH LEASE SHALL BE PROFITABLE OR OTHERWISE SUCCESSFUL.**

(iii) If the Location is leased by Franchise Owner, such lease and any amendment, renewal or extension thereof must conform to Franchisor's standards and specifications in effect from time to time and must be submitted to Franchisor in advance of signing for examination and written approval and no substitution of the lease, or assignment or sub-lease shall be entered into by Franchise Owner without the prior written approval of Franchisor. Such lease must contain provisions in form and substance acceptable to Franchisor, including but not limited to provisions to the effect that:

(A) In the event of the expiration or termination of this Agreement for any reason whatsoever, Franchisor shall have the option for thirty (30) days to assume the rights under said lease, and Franchisor shall have the right at any time thereafter to reassign the lease to another Franchise Owner or licensee;

(B) The lessor, sublessor or renter shall furnish to Franchisor written notice of and an opportunity to cure any default by Franchise Owner under the lease, which notice must specify any default and the method for curing such default;

(C) Franchise Owner may assign the lease to Franchisor at Franchisor's option at any time;

(D) The lessor, sublessor or renter shall accept Franchisor as a substitute tenant under the terms and provisions of the lease upon notice from Franchisor that it is exercising its right to succeed to the interest of Franchise Owner in such lease;

(E) The lessor, sublessor or renter acknowledges that Franchise Owner alone is responsible for all debts, payments and performances due from Franchise Owner prior to the time that Franchisor is given actual possession of the premises and expressly assumes the lease in writing pursuant to its rights hereunder;

(F) Any lease entered into by Franchise Owner shall provide that it may not be modified, amended, renewed, extended or substituted without Franchisor's prior written consent, which shall not be unreasonably withheld, and that Franchisor shall be promptly provided with copies of all such proposed modifications, amendments, renewals, extensions and substitutions and, when executed, true and correct copies thereof; and

(G) All of the foregoing constitute rights but not obligations on the part of Franchisor to assume any right or responsibility of Franchise Owner under any lease, sublease or other rental arrangement.

(c) Construction/Remodeling.

(i) The Location must conform to the appearance, quality, function, design, equipment, furnishing and supply standards and specifications of Franchisor in effect from time to time, and, once approved, may not be changed without the prior written approval of Franchisor. The Location may be constructed, remodeled, refurbished or altered only in accordance with plans and specifications, and a project schedule, approved in writing in advance by Franchisor. Once approved, the plans and specifications may not be altered or modified in any way without the prior written approval of Franchisor unless required by municipal or other governmental authority having jurisdiction over the location. The contractor chosen by Franchise Owner to perform any construction, remodeling, refurbishing or alteration must be reasonably satisfactory to Franchisor, and Franchisor shall have the right at its option to participate in any punchlist inspection.

(ii) Franchisor shall provide Franchise Owner with a copy of Franchisor's prototype Restaurant plans, specifications and guidelines and, following approval of the Location, Franchisor agrees that, upon request of Franchise Owner, it shall consult with Franchise Owner as Franchisor deems appropriate regarding layout and design of a typical Restaurant. Franchise Owner will be responsible for developing the Restaurant and Location in accordance with this Agreement, for determining that all plans, specifications, development and operations comply with applicable ordinances, building codes, permit requirements and lease requirements and restrictions, and for all costs, liabilities and expenses for locating, obtaining, developing and operating the Location and Restaurant.

(iii) Franchise Owner shall in no event begin construction or remodeling of the Restaurant until and unless the following conditions have been met to Franchisor's satisfaction:

(A) Franchise Owner has obtained the right to use the site, obtained all necessary permits, licenses, approvals and certifications, and otherwise obtained the rights to lawfully construct, and/or remodel the Restaurant on the site.

(B) Franchise Owner's site plan, construction or remodeling plans and schedule, and all specifications and layouts have been approved by Franchisor.

(iv) If at any time Franchisor determines that Franchise Owner has begun or is constructing or remodeling a Restaurant without all of these conditions having been met, Franchisor shall, in addition to any other remedies, have the right to obtain an injunction against the continued construction or remodeling and the opening or operation of the Restaurant from a court of competent authority, and Franchise Owner hereby consents to any such injunction.

(d) Independent Efforts. Nothing in this section shall prevent Franchise Owner from identifying, acquiring, leasing or developing its facilities at its designated Location independently from the advice of Franchisor, provided Franchisor's written approval for the Location, lease, plans and specifications and other matters is obtained pursuant to this Agreement. Franchise Owner shall not be entitled, however, to any reduction in the amount of the Franchise Fee (as such term is defined in Section 5(a), below) if it uses its own services.

(e) Rights in One Location. The rights granted Franchise Owner under this Agreement relate solely to the Location. In order to operate a Restaurant in an additional Location, Franchise Owner must apply for and obtain a separate Franchise, enter into a separate Franchise Agreement and pay additional Franchise fees.

(f) Relocation of Restaurant.

(i) This Agreement relates solely to the operation of the Restaurant at the Location set forth in Section 2(a)(i), above. Except as provided in Section 2(f)(ii) below, Franchise Owner shall have no right to relocate or move the Restaurant from the Location without the prior written consent of Franchisor, which consent may be withheld by Franchisor for any reason, including without limitation, the potential impact on existing Snappy Tomato Pizza Restaurants or new trade areas in which Franchisor anticipates establishing one or more Snappy Tomato Pizza Restaurants. Franchisor may require Franchise Owner to submit any information reasonably requested by Franchisor in connection with Franchise Owner's request for consent to such relocation. At a minimum Franchisor may require Franchise Owner to submit such information as would be required in connection with the establishment of a new franchise location. Franchisor may further impose such terms, conditions and restrictions as it deems appropriate, in its sole discretion, in connection with granting its consent to a relocation, including without limitation, the execution of Snappy Tomato Pizza's then standard form Franchise Agreement for the Restaurant and such other then current ancillary agreements then being required by Franchisor of new franchisees as of the date of the approval of the relocation and the payment of a Relocation Fee calculated as provided in Section 2(f)(ii) below.

(ii) In the event Franchise Owner loses the right to possession under any lease or sublease of the Restaurant site other than by reason of a default of Franchise Owner under such lease or sublease, then Franchise Owner may, subject to the terms, conditions and limitations of this Section 2(f)(ii), relocate the Restaurant to another site within Franchise Owner's Restaurant Radius.

(A) In order to relocate the Restaurant hereunder, the following events must have occurred:

(1) Franchise Owner must notify Franchisor in writing of the date upon which Franchise Owner will lose possession of its existing Restaurant site and the anticipated closing date of the Restaurant immediately upon becoming aware that it is going to lose its lease or sublease for the Restaurant site and certify in writing to Franchisor the reasons for loss of the lease or sublease.

(2) Franchise Owner must submit a written request for approval of an alternate site within Franchise Owner's Restaurant Radius to Franchisor along with any information Franchisor may reasonably request with respect to the alternate site. At a minimum Franchisor may require Franchise Owner to submit such information as would be required in connection with the establishment of a new franchise location. Franchisor retains the right to reject an alternate site for any reason, including without limitation, the potential impact on existing Snappy Tomato Pizza Restaurants or new trade areas in which Franchisor anticipates establishing one or more Snappy Tomato Pizza Restaurants.

(3) In the event that the alternate site is within the overlapping Restaurant Radius of another franchisee of Franchisor, Franchise Owner must obtain the consent of such other franchisee within whose overlapping Restaurant Radius the alternate site is located to relocate to such alternate site. Franchise Owner must also obtain such written evidence and documentation of such consent as Franchisor may reasonably require from such other franchisee, which may include, without limitation, an addendum to such other franchisee's franchise agreement acknowledging and consenting to the relocation. Franchise Owner shall enter into an addendum to its Franchise Agreement acknowledging and consenting to the overlapping Restaurant Radius with respect to the alternate site. Franchise Owner shall also demonstrate, to Franchisor's reasonable satisfaction, compliance with or waiver of the terms and conditions of any contracts or agreements between Franchise Owner and such other franchisee, with respect to relocation of Franchise Owner's Restaurant, or both Franchise Owner and such other franchisee shall certify to Franchisor in writing that no such contracts or agreements exist.

(4) Franchise Owner must complete the relocation of the Restaurant to the alternate site and re-open for business within one hundred eighty (180) days after the closing of the Restaurant at the existing site, except in the case of condemnation or casualty loss, in which event Franchise Owner must complete the relocation of the Restaurant to the alternate site and re-open for business within three hundred sixty-five (365) days after the closing of the Restaurant at the existing site.

(5) All plans and specifications for the development of the alternate site must be approved by Franchisor in writing before any work is begun on the alternate site. Once such plans and specifications have been approved by Franchisor, Franchise Owner shall not deviate from such plans and specifications in any material respect in the construction or remodeling of the alternate site without the prior written approval of Franchisor. If at any time Franchisor determines that Franchise Owner has not constructed or remodeled the Restaurant in accordance with the plans and specifications previously approved by Franchisor, Franchisor shall, in addition to any other remedies, have the right to obtain an injunction from a court of competent authority against the continued construction or remodeling and the opening of the Restaurant (or, if the Restaurant is already open, against the continued operation of the Restaurant) and Franchise Owner hereby consents to the obtaining of any such injunction.

(B) Upon completion of the alternate site and the opening of the Restaurant at the alternate site, Franchise Owner shall enter into an addendum to this Agreement in form and content reasonably acceptable to Franchisor to provide for the relocation of the Restaurant to the alternate site and modifying the Restaurant Radius as provided in Subsection 2(f)(ii)(C) below (which addendum may include a general release of Franchisor by Franchise Owner).

(C) Upon relocation of the Restaurant to the alternate site, Franchise Owner's Restaurant Radius shall remain as originally set forth in this Agreement and shall not change due to the change in location of the Restaurant. For example, assuming Franchise Owner's Restaurant Radius is defined as a circle having a radius of two and one-half (2.5) miles with the Restaurant's primary entrance door as its center, after Franchise Owner's relocation of the Restaurant to the alternate site, Franchise Owner's Restaurant Radius would remain as a circle with a radius of two and one-half (2.5) miles having the original location (not the relocated site) of the Restaurant as its center. Notwithstanding the preceding, as a condition to its approval of a relocation under this Section 2(f)(ii), Franchisor may, in its sole discretion, require that the Restaurant Radius be moved to conform to the new location of the Restaurant. In the event that Franchisor requires that the Restaurant Radius be conformed to the new location, then Franchise Owner shall be required to: (i) execute, or in appropriate circumstances causes all necessary parties to execute, Franchisor's then standard form Franchise Agreement for the Restaurant and such other then current ancillary agreements then being required by Franchisor of new franchisees as of the date of the approval of the relocation, which Franchise Agreement shall provide for a new term commencing on the date the relocated Restaurant is opened for business and (ii) Franchise Owner shall pay a Relocation Fee equal to the then current Renewal Fee multiplied by a percentage equal to the number of full and partial years that have expired in the then current Term as of the date of the approval of the relocation divided by the length in years of the then current Term, such Relocation Fee to be paid upon approval of the relocation by Franchisor. For example, if a Franchise Owner in the fifth year of a ten year term with an Restaurant Radius consisting of a circle having a radius of two and one-half (2.5) miles with the Restaurant's primary entrance door as its center relocates pursuant to the provisions hereof and Franchisor requires that the Restaurant Radius conform to the new location, then the Franchise Owner's Restaurant Radius would become a circle having a radius of two and one-half (2.5) miles with the relocated Restaurant's primary

entrance door as its center, the Franchise Owner would pay to Franchisor a Relocation Fee of \$2,500.00 (assuming a then current Renewal Fee of \$5,000.00 multiplied by 5/10) and execute the then current form of Franchise Agreement with a full new Term after the date the relocated Restaurant is opened for business.

3. Opening

(a) **Opening Date.** Franchise Owner shall equip, construct and/or remodel the Location in accordance only with plans, schedules, standards and specifications approved by Franchisor, shall obtain all necessary permits, licenses, approvals, certifications and rights to lawfully operate the Restaurant at the Location and shall cause the Location to be opened for business to the general public in accordance with this Agreement on or before the opening date set forth in Exhibit A (the "Opening Date").

(b) **Notice.** Franchise Owner shall give Franchisor at least fifteen (15) days' prior written notice of the opening of the Restaurant in such form and detail as Franchisor may require. If such notice is not given, Franchisor shall be relieved of any obligation under this Agreement to provide assistance in connection with the opening of the Restaurant or the planning and development of pre-opening promotions and programs.

(c) **Evidence of Compliance.** At least fifteen (15) days prior to the date the Restaurant is opened, Franchise Owner also will deliver to Franchisor evidence satisfactory to Franchisor that all conditions precedent to such opening under this Agreement have been satisfied.

(d) **Time of the Essence.** Franchise Owner hereby acknowledges that its timely development and opening of the Restaurant and Location in accordance with this Agreement is of material importance to Franchisor, and further agrees, as a condition to the continuance of the rights granted hereunder, to develop, construct and remodel and operate such Restaurant pursuant to the terms of this Agreement, to maintain such Restaurant and Location in operation continuously, and to comply with all requirements set forth herein.

4. Term and Renewal

(a) **Initial Term.** Unless sooner terminated as hereinafter provided, this Agreement shall expire ten (10) years from the effective date of this Agreement.

(b) **Renewal.** Franchise Owner may, at its option, renew the Franchise for up to three (3) additional renewal terms of five (5) years each (each, a "Renewal Term"), provided that prior to the expiration of the initial term of this Agreement:

(i) Franchise Owner gives Franchisor written notice of its election to renew not less than six (6) months, nor more than twelve (12) months, prior to the end of the initial term of this Agreement or the then Renewal Term, as applicable.

(ii) Franchise Owner is not, when notice is given and at any time during the period from that date to the end of the initial term of this Agreement, or the then Renewal Term, as applicable, in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchise Owner and Franchisor, and has substantially complied with the terms and conditions of all such agreements during the term of this Agreement.

(iii) All monetary obligations owed by Franchise Owner to Franchisor or any affiliate thereof have been satisfied prior to renewal and paid when due throughout the initial term of this Agreement.

(iv) Franchise Owner, any other person who has an interest in Franchise Owner (if Franchise Owner is a corporation, partnership, unincorporated association or similar entity) and any Manager (as such term is defined in Section 8(n), below) shall comply with Franchisor's then current qualification and training requirements.

(v) Franchise Owner, at Franchise Owner's sole expense, performs to Franchisor's satisfaction such remodeling, repairs, replacements and redecoration as Franchisor may require to cause the Restaurant, equipment, fixtures, furnishings and furniture, and adopts such new or modified programs, techniques or requirements as are required by Franchisor, to conform to the then current plans, specifications and requirements of Franchisor. Franchisor must provide a minimum of one year notice to Franchise owner of the requirement under this paragraph.

(vi) Franchise Owner pays to Franchisor (in lieu of the initial Franchise fee required under the then current standard form of Franchise Agreement required to be executed pursuant to Section 4(b)(iv), above) a renewal fee equal to the greater of (A) twenty percent (20%) of the initial Franchise fee that otherwise would be payable under the then current standard form of Franchise Agreement required to be executed pursuant to Section 4(b)(iv), above, or (B) Five Thousand Dollars (\$5,000.00), whichever is greater.

(vii) If applicable mandatory provisions of the laws of the state in which the Restaurant is located require that Franchisor give notice of expiration to Franchise Owner prior to expiration of the term of this Agreement, then this Agreement shall be deemed to remain effective until Franchisor has given such notice of expiration and the applicable time period, if any, required to pass before the notice becomes effective has expired.

5. Fees

(a) Franchise Fee.

(i) Upon the execution of this Agreement, Franchise Owner shall pay to Franchisor by wire transfer or certified check a franchise fee of Twenty-Five Thousand Dollars (\$25,000.00) (the "Franchise Fee"). Any application fee previously paid by Franchise Owner will be credited to the Franchise Fee.

(ii) It is expressly understood and agreed that the Franchise Fee is and shall be deemed fully earned by Franchisor upon the execution of this Agreement and that no part of said fee shall be refundable to the Franchise Owner for any reason whatsoever, except as provided in Section 5(a)(iii), below.

(iii) In the event that (A) a Location has not been designated in Exhibit A at the time of execution of this Agreement, and Franchise Owner subsequently is unable or fails to obtain Franchisor's approval of a location according to the provisions of Section 2(a)(ii), above, within ninety (90) days from the date of execution of this Agreement, or (B) Franchisor determines in its sole discretion that Franchise Owner is unable to or has failed to satisfactorily complete the initial training program as and when required under Section 9, below, and in either such event Franchisor elects to terminate this Agreement (which Franchisor may do in its sole discretion), then, in such event (so long as Franchise Owner has acted diligently and in good faith), Franchisor shall refund to Franchise Owner, at the time of giving such notice of termination, the total amount of the Franchise Fee paid by Franchise Owner to Franchisor under Section 5(a)(i), above, without interest, less Two Thousand Five Hundred Dollars (\$2,500.00) to cover Franchisor's administrative and operational costs and expenses relating to this Agreement. Upon Franchisor's issuing such notice and making such payment, this Agreement shall be null and void except for obligations of Franchise Owner (and obligations of its shareholders or general partners if Franchise Owner is a corporation or partnership) herein that are expressly stated to survive termination of this Agreement.

(iv) The parties agree that in no circumstances, other than those described in Section 5(a)(iii), above, shall the Franchise Fee, or any portion thereof, be refundable to Franchise Owner.

(b) Weekly Royalty Fee.

(i) For purposes of this paragraph each week runs from Monday through Sunday.

(ii) Franchise Owner agrees to pay to Franchisor a continuing, non-refundable weekly royalty fee equal to five percent (5%) of the Gross Sales, as hereinafter defined, of the Restaurant during each week or Four Hundred Dollars (\$400.00), whichever is greater (the "Royalty Fee"). The weekly Royalty Fee shall be payable from the earlier of the actual opening of the Restaurant or the Opening Date and shall be based upon the sales of the Restaurant during each week or fraction thereof. Franchisor will establish the Gross Sales for each week on the basis of the information in the Franchise Owner's POS System and Franchise Owner shall on a weekly basis remit (or cause to be paid) the weekly Royalty Fee for each week at such time and manner prescribed by Franchisor. Franchise Owner certifies that the information set forth in the POS System is true and complete and represents all Gross Sales.

(iii) As used in this Agreement, the term "Gross Sales" shall mean the total revenues derived from the sale of any and all products or services sold (including all business

conducted and income of any sort derived) in, on, at, about, from, through or in conjunction with the Restaurant, the Franchise, the Location or any business associated therewith, whether for cash or on a charge, credit or time basis, without reserve or deduction for inability or failure to collect, including but not limited to such sales and services: (A) where orders originate and/or are accepted by Franchise Owner in the Restaurant but delivery or performance thereof is made from or at any place other than the Restaurant; or (B) pursuant to telephone or other similar orders received or filled at or in the Restaurant; or (C) through vending machines, coin-operated devices or other distribution or vending devices or machines including but not limited to videos, pinball, pool tables, games and other devices (provided, however, that the inclusion in Gross Sales of the sales and services described in this subsection (C) does not relieve Franchise Owner of the duty to obtain Franchisor's prior written approval of any such sale or services or of liability for breach of such duty); or (D) associated with the Restaurant business but made at other places, including but not limited to fairs, athletic contests or special events or through mobile units or temporary locations (provided, however, that the inclusion in Gross Sales of the sales and services described in this subsection (D) does not relieve Franchise Owner of the duty to obtain Franchisor's prior written approval of any such sale or service or of liability for breach of such duty). There shall be deductible from sales (provided the same have been included in sales): (X) the amount of over-rings made to customers, and of refunds, allowances or discounts to customers (including coupon sales) made to customers in good faith and in accordance with Franchisor's policies prescribed from time to time; and (Y) the amount of any excise or sales tax levied upon retail sales and collectively paid over by the Franchise Owner to the appropriate governmental authority.

(c) **Payments for Products.** Franchise Owner shall pay Franchisor or its affiliates when due all amounts owed for inventory, equipment, supplies or other items purchased from Franchisor or its affiliates.

(d) **Sales and Use Tax.** Franchise Owner shall pay any sales and/or use taxes required by law in connection with the purchase of the Franchise or otherwise related to this Agreement.

(e) **Other Fees.** Franchise Owner shall pay all other fees and charges due Franchisor under this Agreement at the times and in the manner herein provided, including but not limited to any renewal fee (Section 4(b)(viii)), advertising fee (Section 10), training fee (Section 9), audit fee (Section 8(r)), transfer fee (Section 15(c)) or operating fee (Section 15(f)) described herein.

(f) **Late Payment Charge.** All amounts payable by Franchise Owner to Franchisor or any affiliate thereof under or in connection with this Agreement shall be made without set-off or deduction for any reason whatsoever (including but not limited to any alleged breach by Franchisor of any obligations to Franchise Owner), and, if not paid within ten (10) days of the date when due, shall bear a late charge from the date due until paid at the rate of one and one-half percent (1.5%) per month or the maximum rate permitted by law, whichever is less. Entitlement to such late charge shall be in addition to Franchisor's right to terminate this Agreement and any other remedies Franchisor may have with respect to such late payment.

6. Services by Franchisor

Franchisor agrees to make available to Franchise Owner the following:

- (a) A copy of such prototype Restaurant plans, specifications and guidelines, and, upon request of Franchise Owner, such consultation regarding layout and design, as Franchisor makes available generally to new Franchise Owners from time to time.
- (b) Review of Franchise Owner's site plans and final construction or remodeling plans and specifications for conformity to the construction or remodeling standards and specifications of the System, upon Franchisor's receipt of Franchise Owner's written request for approval thereof.
- (c) An initial training program for the Franchise Owner and each person identified in Section 8(n) of this Agreement, at such times and places as Franchisor may designate for its training program in its discretion, and subject to the other terms of Section 8 hereof.
- (d) Such ongoing training programs as Franchisor deems appropriate in its discretion at such times and places and on such terms as Franchisor may designate in its discretion.
- (e) Such pre-opening assistance as Franchisor deems appropriate in connection with the opening of the Restaurant by Franchise Owner, including assistance by Franchisor's personnel in the planning and developing of pre-opening and promotional programs.
- (f) The loan of one copy of Franchisor's Operations Manual (said Manual, as revised and supplemented from time to time, being referred to hereinafter as the "Manual").
- (g) Such Periodic merchandising, marketing and other data and advice as may from time to time be deemed appropriate by Franchisor in its discretion.
- (h) Such periodic continuing individual or group advice, consultation and assistance regarding the System as Franchisor in its discretion may deem necessary or appropriate, which may be rendered by personal visit or telephone, in the Manual, by newsletters or bulletins or otherwise.

7. Proprietary Rights

- (a) Rights Pertaining to Marks.
 - (i) Franchise Owner acknowledges that the Marks are owned by Franchisor and that only Franchisor or its licensees have the right to use the Marks, along with all ancillary signs, symbols or other indicia used in conjunction with said Marks. Franchise Owner further acknowledges that valuable goodwill is attached to the Marks and that Franchise Owner shall use the Marks only in the manner authorized and permitted by Franchisor in writing from time to time

and only to the extent specifically licensed by this Agreement. Any unauthorized use of the System and/or Marks shall constitute an infringement of Franchisor's rights and good cause for termination of this Agreement.

(ii) Franchise Owner expressly covenants that during the term of this Agreement, and after the expiration or termination thereof, Franchise Owner shall not directly or indirectly contest or aid in contesting the validity or ownership of the Marks.

(iii) Franchise Owner agrees to notify Franchisor promptly of any (A) claim or demand made or threatened, or legal action instituted or threatened, by any other person, firm or corporation based upon, arising from or involving alleged rights to use the Marks, or (B) use of the Marks, or any colorable imitations or variations thereof, by any other person, firm or corporation.

(iv) It is expressly recognized that any and all uses of the Marks or the System, including any goodwill which might be deemed to have arisen through Franchise Owner's use of the Marks, inure directly and exclusively to the benefit of Franchisor. No monetary amount will be assigned as attributable to any goodwill associated with Franchise Owner's use of the Marks or the System.

(v) Unless otherwise authorized or required by Franchisor, Franchise Owner shall operate and advertise the Restaurant only under the name "Snappy Tomato Pizza" without prefix or suffix. Franchise Owner agrees not to use the Marks, any variation or abbreviation thereof, or any words confusingly similar thereto, as part of its corporate or other business name. Franchise Owner shall not license, register or purchase vehicles, or purchase or lease fixtures, products, supplies or equipment, or perform any other activity or incur any obligation or indebtedness, except in its individual, corporate or other business name. Franchise Owner may, however, identify itself as a Snappy Tomato Pizza Franchise Owner if it is made clear that Franchise Owner is an independent contractor and that Franchisor bears no financial responsibility for any obligation or indebtedness of Franchise Owner.

(vi) If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchise Owner to modify or discontinue use of any of the Marks, and/or to use one or more additional or substitute marks, names, logos or indicia, Franchise Owner agrees to do so at its expense within a reasonable time after Franchisor so instructs Franchise Owner in writing.

(vii) Franchisor may, in its sole discretion, license Franchise Owner to use copyrights or patents that Franchisor currently owns or may subsequently acquire. If Franchisor agrees to so license Franchise Owner, Franchise Owner agrees that any such license shall be subject to each of the terms and conditions of this Agreement.

(viii) Franchise Owner shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability.

(ix) In the adoption of a corporate, limited liability company, partnership or other business name, Franchise Owner, each other owner of Franchise Owner and any person controlling, controlled by or under common control with Franchise Owner shall not use any of the Marks or any variations or abbreviations or any words confusingly similar to the Marks.

(b) Litigation.

(i) Franchisor warrants that it has the right to license the Marks licensed to Franchise Owner under this Agreement and agrees, in good faith, to take whatever actions it deems reasonably necessary to protect such Marks and the goodwill associated therewith subject to economic practicalities as described in the Circular.

(ii) Whenever Franchisor learns of the use of the Marks or a colorable imitation or variation thereof, by a person, firm or corporation who is not an approved licensee, Franchisor maintains the exclusive right, in its discretion, to determine and undertake such actions, if any, as it deems appropriate to prevent the infringement of the Marks or the diminution of the goodwill in the Marks.

(iii) Franchise Owner shall notify Franchisor immediately in writing in the event a third party commences a legal action against Franchise Owner challenging Franchise Owner's right to use the Marks as authorized herein. Franchisor shall defend Franchise Owner, utilizing counsel of Franchisor's choice, against such legal action and indemnify Franchise Owner against all damages for infringement for which Franchise Owner is held liable in such action resulting from Franchise Owner's use of the Marks pursuant to and in compliance with this Agreement, provided that:

(A) Franchise Owner provides Franchisor with the required notice of the institution of such action;

(B) Franchise Owner cooperates fully with Franchisor's counsel in defending against the action; and

(C) Franchisor retains ultimate control over the strategy involved in defending against and/or resolving the action.

(iv) If Franchisor undertakes the defense or prosecution of any litigation pertaining to the right to use the Marks, Franchise Owner shall execute any and all documents and do all such acts and things as may be necessary, in the opinion of counsel for Franchisor, to carry out such defense or prosecution, whether the action is in the name of Franchisor or in the name of Franchise Owner. Subject to Section 7(b)(iii), above, Franchise Owner shall be entitled to retain

independent legal counsel, provided that Franchisor shall not be responsible for the cost of any such legal counsel.

(v) Except as expressly set forth herein, Franchisor shall not be liable to Franchise Owner for any damages, costs, expenses, loss of profits or business opportunities, or incidental or consequential damages of any kind whatsoever relating to any action or other matter involving the Marks.

8. Quality Control

Franchise Owner understands and acknowledges that each and every detail of the System is important to Franchisor, to its affiliates, to Franchise Owner and to other licensees and Franchise Owners. In order to develop and maintain uniformity of services and products, and thereby to enhance the reputation, trade demand and goodwill associated with Snappy Tomato Pizza Restaurants, the Marks and the System, Franchise Owner agrees as follows:

(a) Restaurant Business.

(i) Franchise Owner shall not use or permit the Location to be used for any purpose other than the conduct of a Restaurant business in accordance with this Agreement.

(ii) Except for delivery service pursuant to subsection (iii), below, conducted in the ordinary course of business, and except as otherwise provided in the Manual from time to time, Franchise Owner shall not conduct any Restaurant business or sell Snappy Tomato Pizza, or other products or services, at any location, temporary or permanent, other than at the Location (whether at a fair, athletic contest or special event, whether through mobile units or temporary locations or otherwise) without the prior consent of Franchisor.

(iii) Franchise Owner agrees that the Restaurant shall at all times during approved hours of operation offer delivery service to customers only in accordance with Franchisor's delivery standards and specifications, including any delivery area boundary specifications announced by Franchisor from time to time as to the boundaries within which delivery service must be offered and/or the boundaries beyond which the Restaurant may not offer delivery service (if no such outer boundaries are prescribed, Franchise Owner shall not offer delivery service to any customer whose order cannot be delivered within a time and manner to reasonably assure the maintenance of the high quality and standards of the product, Marks and System). Without the prior written consent of Franchisor (which may be withheld or conditioned in the sole discretion of Franchisor), Franchise Owner shall not contract with or use any third-party delivery service (e.g., DoorDash or Uber Eats).

(b) Compliance with Standards, Etc.

(i) Franchise Owner shall at all times comply, and shall cause all of its employees and any other person actively involved in the management and operation of Restaurant

to comply, with this Agreement, and such standards, procedures, specifications and policies (and additions, deletions and other changes thereto) as Franchisor may from time to time establish, as though all were specifically set forth in this Agreement and whether set forth in the Manual, bulletins, notices or elsewhere. By way of illustration and without limitation, such standards, procedures, specifications and policies may specify the following: accounting records and information; payment procedures; sales procedures; hours of operation; service; cleanliness; food preparation; produce and ingredients; employees; premises; fixtures; equipment; furnishings; supplies; inventory; displays of signs and notices; layout; advertising and promotion; accounting and inventory methods and controls; pricing guidelines and forms and reports.

(ii) Franchise Owner understands and acknowledges that Franchisor may, from time to time, revise the contents of the Manual to add to, delete from or otherwise revise the matters covered thereby, and Franchise Owner expressly agrees to comply with each changed requirement within such reasonable time as Franchisor may require. Franchise Owner shall at all times ensure that its copy of the Manual and any other manuals given to it are kept current and up to date and, in the event of any dispute as to the contents thereof, the terms of the master copies maintained by Franchisor at its principal place of business shall be controlling.

(iii) Because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other condition which Franchisor deems to be appropriate. Franchise Owner shall not be heard to complain on account of any variation from standard specifications and practices granted to any other franchise owner and shall not be entitled to require Franchisor to grant to Franchise Owner a like or similar variation hereunder.

(c) Use of Marks. Franchise Owner shall operate, advertise and promote the Restaurant under the Marks, and display and use the advertisements and other promotional material provided, from time to time, by Franchisor to Franchise Owner and otherwise use the Marks solely at the Location and solely in the manner prescribed by Franchisor. Franchise Owner shall not register any of the Marks or create any composite marks incorporating any of the Marks.

(d) Signs. Franchise Owner shall acquire and display, at its own expense, according to specifications provided to Franchise Owner by Franchisor, signs identifying its business as a Snappy Tomato Pizza Restaurant. Franchise Owner agrees not to display in or upon the Location or any Restaurant delivery vehicle any sign that has not been authorized by Franchisor.

(e) Taxes, Laws and Permits. Franchise Owner has sole responsibility for the payment and performance of all obligations arising out of the operation of its business. Without limiting the generality of the foregoing: (i) Franchise Owner shall promptly pay when due all taxes and assessments and all other indebtedness, liabilities and obligations of Franchise Owner of every kind or character; (ii) Franchise Owner shall comply with all federal, state and local laws and regulations; and (iii) Franchise Owner shall obtain in a timely manner any and all permits,

certificates, registrations or licenses necessary for the construction, refurbishing, maintenance and full and proper operation of the Restaurant and of the Location.

(f) Independent Ownership. In all public records, in its relationship with other persons, and in any offering circular, prospectus or similar document, Franchise Owner shall indicate clearly the independent ownership of Franchise Owner's business and that the operations of said business are separate and distinct from the operation of Franchisor's business.

(g) Equipment and Furnishings. Franchise Owner shall only install and/or use in and about the Restaurant and the Location such equipment (including, but not limited to, food and beverage preparation equipment and storage and display cabinets), fixtures, furnishings, furniture, interior and exterior signs and other personal property as are required by Franchisor and which strictly conform to the standards and specifications of Franchisor existing from time to time. Franchise Owner must obtain Franchisor's prior written approval for the purchase, installation, use or alteration of any such items to ensure that such assets meet Franchisor's minimum standards and specifications for quality, appearance, function and other characteristics of the System. Such items and the suppliers thereof must satisfy the conditions applicable to approval of products under Section 8(l), below. Franchisor shall have the right to inspect all equipment, fixtures, furnishings, furniture and signs, and their installation, to assure Franchise Owner's compliance with its standards and specifications. Franchise Owner shall not use or install any items not required by Franchisor or specifically approved by Franchisor in writing, including but not limited to vending machines and coin-operated amusement devices.

(h) Products. Franchise Owner shall sell from the Restaurant all products or services specified by Franchisor and shall not sell or offer for sale any other product or service of any kind or character without first obtaining the express written consent of Franchisor as provided in subsection (l), below. Franchise Owner shall use only such food products and ingredients (including, but not limited to, sauces, food additives and condiments) and methods of preparation and service as conform to the specifications and standards of Franchisor in effect from time to time. Franchise Owner shall discontinue selling or offering for sale any products Franchisor may, in its discretion, disapprove in writing at any time. Franchise Owner acknowledges and agrees that (a) Franchisor may change the number of approved suppliers at any time and may designate itself, an Affiliate, or a third party as the exclusive source for any particular item and (b) Franchisor may profit from Franchise Owner's purchases from approved suppliers, and Franchisor and/or its Affiliates may receive payments, fees, commissions or reimbursements from such suppliers in respect of Franchise Owner's purchases.

(i) Required Purchases of Proprietary Products. Franchise Owner acknowledges and agrees that Franchisor and its affiliates has or may develop for use in the System certain proprietary products which are identified with and essential to the operation and uniformity of the franchises within the System (the "Proprietary Products"). As a result of the importance of the quality and uniformity of the services and the significance of such Proprietary Products in the System, it is to the mutual benefit of the parties that Franchisor closely control the production and distribution of such Proprietary Products. Accordingly, Franchise Owner shall use only Franchisor's Proprietary

Products and shall purchase from Franchisor or its affiliates (or from a source designated by Franchisor) all of franchise requirements of such Proprietary Products. The Proprietary Products presently consist of the pizza sauce, pizza dough, pepperoni (two varieties) and sausage and shall also include any additional Proprietary Products developed by Franchisor in the future for use in the System.

(j) Supplies. Franchise Owner shall use only such supplies and paper products (including, but not limited to, carry-out bags, wrappers, dishes, napkins, cups and boxes) as are approved by Franchisor in writing and as conform to Franchisor's standards and specifications in effect from time to time.

(k) Uniforms. Franchise Owner shall cause its employees to wear apparel which conforms strictly to the specifications, design and style approved by Franchisor from time to time.

(l) Approval. The success of Franchise Owner's operations being substantially and directly dependent upon the nature and quality of products sold and on uniformity and identification with all other Snappy Tomato Pizza Restaurants, Franchise Owner shall purchase all fixtures, furnishings, signs, equipment, uniforms, inventory, supplies, products, ingredients, materials and other property used in the operation of the Restaurant as Franchisor, in its discretion, may specify from time to time, solely from designated suppliers and/or approved suppliers who demonstrate to Franchisor's continuing reasonable satisfaction the ability to meet Franchisor's standards and specifications in effect from time to time for such items, who possess adequate quality controls and capacity to supply Franchise Owner's needs promptly and reliably and who have been approved in writing by Franchisor and not thereafter disapproved. If Franchise Owner desires to purchase any such items from an unapproved supplier, or to obtain approval for items or service that have not previously been approved by Franchisor for the Restaurant, Franchise Owner shall submit to Franchisor a written request for such approval or shall request the supplier to do so in accordance with the procedures then prescribed by Franchisor for submission and documentation of such requests. Franchisor shall have the right to require, as a condition of its approval, that its representative be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, at Franchisor's option, to Franchisor or its designee for testing and/or evaluation. A charge not to exceed the cost of such inspection and testing and/or evaluation shall be paid by the Franchise Owner or by the supplier seeking approval, and Franchisor shall not be liable for damage to any sample which may result from the testing process. Franchisor shall notify Franchise Owner in writing within a reasonable time, not to exceed sixty (60) days after receipt of Franchise Owner's request and samples, whether such approval is granted. Franchisor reserves the right, at its option, to reinspect facilities and items and to retest the products of any supplier at any time and to revoke approval of any supplier, or service or item that fails to continue to meet any of Franchisor's then current criteria.

(m) Noncompliance. If Franchise Owner installs or uses any equipment, fixtures, furniture, interior and exterior signs or any other personal property which is not in conformity with Franchisor's standards or specifications, Franchisor may, in addition to any other remedies under this Agreement, demand that Franchise Owner close the Restaurant and take the necessary steps to bring the Location and its equipment, fixtures, furnishings, furniture, interior and exterior signs

and other personal property, into conformity with Franchisor's standards and specifications, and Franchise Owner shall not reopen the Restaurant until it has been approved by Franchisor in writing.

(n) **Managing Owner.** Unless otherwise agreed in writing by Franchisor, Franchise Owner must designate in writing one of its owners to perform all of the day-to-day operational, management and supervisory tasks necessary to sell the products and services offered at the Restaurant including for example, carrying out supervision, management and operation of the Restaurant and the Manager as required by the Manual (the "Managing Owner"). In addition, except as otherwise agreed in writing by Franchisor, the Managing Owner shall: (i) perform all development/construction tasks with respect to the Restaurant, including site selection, negotiation of lease sites, management of a Restaurant while under construction and start-up operation of the completed Restaurant; (ii) undertake the collection and completion of all internal accounting and financial information and complete the reporting required under the terms of this Agreement; and (iii) perform all overall management, marketing, administrative and financial duties and tasks necessary or desirable to carry out Franchise Owner's duties under this Agreement. A sole proprietor or the sole owner of a Franchisee that is a business entity will be deemed to be the Managing Owner. Where there are multiple owners of a Franchise Owner, the Managing Owner must be an officer of Franchise Owner who has executive authority, be a voting owner and have a percentage ownership interest in Franchise Owner that is acceptable to Franchisor, in its sole discretion. The Managing Owner must devote his or her full time, energy and best efforts to carrying out his duties and acting in his capacity as Managing Owner and to the management and operation of the Franchise Owner and the Restaurant. Notwithstanding the preceding, Managing Owner may, with Franchisor's prior written consent, devote time and effort to other Snappy Tomato Pizza Restaurants franchised to Franchise Owner or an affiliate of Franchise Owner. No other owner of Franchise Owner (and no new person who is seeking to become an owner of Franchise Owner) may become the Managing Owner unless each of the following conditions is met: (i) Franchisor is given sixty (60) days prior written notice before the date of the proposed replacement of the Managing Owner; (ii) the proposed new Managing Owner has successfully completed the training program described above; and (iii) the proposed new Managing Owner, in Franchisor's judgment, has the aptitude and ability to be the Managing Owner and meets such other criteria as Franchisor may have for the approval of Managing Owners in effect at the time of the proposed change. Notwithstanding the foregoing, the Franchise Owner, with the prior consent of Franchisor, may appoint a person who is not an owner to serve as the manager of the Restaurant (a "Manager"). A Manager cannot be changed without the prior written approval of Franchisor, must reside within a radius of fifty (50) miles of the Restaurant throughout the term of this Agreement, must successfully complete the training programs referenced in Section 9, below, and shall have actual full-time involvement in the operations of the Restaurant. The Franchise Owner agrees to cause the Manager to maintain full-time involvement in the business of the Restaurant. Franchise Owner further agrees to refrain and to cause the Manager to refrain from involvement in any other business venture having the likely effect of diluting such efforts or involvement, or causing the Restaurant to be operated in a manner violative of Franchisor's standards, specifications or requirements

(o) Maintenance. Franchise Owner shall maintain at all times, at its expense, the Restaurant, equipment, fixtures, furnishings, furniture and related premises, parking areas, landscape areas and interior and exterior signs in a good, clean, attractive and safe condition in conformity with Franchisor's standards and specifications in effect from time to time that comply with all local laws and regulations, and in connection therewith, shall make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required to keep the Restaurant in the highest degree of sanitation, repair and condition, including, without limitation, such periodic repainting, repairs to the interior and exterior of the Location (including but not limited to repairs to equipment and other items not in good working order), and replacement of worn out equipment, fixtures, furniture and signs as Franchisor may reasonably direct.

(p) Compliance with Laws, Etc. Franchise Owner shall comply with all laws, ordinances and regulations affecting the operation of the Restaurant. Without limiting the generality of the foregoing, Franchise Owner specifically agrees to comply with applicable health and safety laws, ordinances and regulations so as to be rated in the highest available health and safety classification by the appropriate governmental authorities and to furnish to Franchisor, within ten (10) days of Franchise Owner's receipt thereof, copies of all inspection reports, warnings, certificates and ratings issued by any governmental agency which reflect Franchise Owner's failure to meet and maintain the highest applicable ratings, or Franchise Owner's non-compliance or less than full compliance with any applicable law, rule or regulation.

(q) Legal Notices. Franchise Owner shall notify Franchisor in writing within ten (10) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect Franchise Owner's financial condition or ability to meet its obligations hereunder.

(r) Examination.

(i) Franchise owner shall permit authorized personnel of Franchisor to enter the Restaurant at any time during normal business hours or other reasonable times, whether or not Franchise Owner is present, and without prior notice to Franchise Owner, for the purpose of inspecting and examining the operations and facilities (including but not limited to testing, sampling and inspecting the ingredients used by Franchise Owner and the products sold by it, as well as the storage and preparation of such ingredients and products, conferring with Franchise Owner's employees and customers, inspecting Franchise Owner's books and records and conducting, supervising or observing a physical inventory and/or quality or other audit). Franchise Owner is entitled to be present during this inspection. Franchise Owner shall cooperate with Franchisor's representatives in such inspections by rendering such assistance as they may reasonably request. It shall permit Franchisor's representatives to remove from the Restaurant samples of any ingredient and product without payment therefor in amounts reasonably necessary for testing by Franchisor or an independent certified laboratory to determine whether said samples meet Franchisor's then current standards and specifications. In addition to any other remedies it

may have under this Agreement, Franchisor may require Franchise Owner to bear the cost of such testing if the supplier from whom such ingredients and products were acquired has not been approved by Franchisor or if the sample fails to conform to Franchisor's specifications. Upon notice from Franchisor or its agents, Franchise Owner immediately shall take such steps as may be necessary to correct any deficiencies detected during any inspection or by such testing, including without limitation, immediately ceasing to use any methods, ingredients, products or advertising materials which do not conform to Franchisor's then current specifications, standards or requirements. In the event of the occurrence of any critical deficiency (as defined below), in addition to any other remedy pursuant to this Agreement, Franchisor may by notice (written or verbal) to Franchise Owner, require closure of the Restaurant until such critical deficiency has been cured to the satisfaction of Franchisor and all governmental agencies. For purposes of this Agreement, a critical deficiency shall mean any one or more of the following occurs in connection with the operation of the Restaurant: (i) pest infestation; (ii) unavailability of hot and cold water; (iii) products not approved by Franchisor offered for sale at the Restaurant; (iv) any products not stored, cooked and served at correct temperatures; or (vi) the existence of any deficiency that would constitute grounds for closure of the Restaurant by the health department or other governmental agency with similar jurisdiction and authority over the operation of restaurants.

(ii) Franchise Owner shall permit authorized personnel of Franchisor to inspect and examine its books and records at any reasonable time. In addition, Franchise Owner shall permit certified public accountants designated by Franchisor to audit its books of account at any reasonable time. If any such examination or audit discloses that the reported sales of Franchise Owner have been understated or that the Franchise Owner has not expended the required amounts on advertising, Franchise Owner shall immediately pay to Franchisor or shall expend the amount overdue, unreported or understated, as applicable, together with late charges as prescribed in Section 5(f), above. In addition, if such audit discloses that the reported sales of Franchise Owner have been understated or that the required advertising contributions, royalties or other amounts due Franchisor or its affiliates, have been underpaid to the extent of two percent (2%) or more of the total amount which should have been stated or paid, Franchise Owner shall reimburse Franchisor for any and all expenses connected with the audit if there are material discrepancies determined by Franchisor. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

(s) Reports.

(i) Franchise Owner shall to promptly furnish Franchisor, at Franchise Owner's expense, at such times and in such form and manner as Franchisor may prescribe from time to time, financial, sales and other reports. Without limiting the generality of the foregoing, within forty-five (45) days after the close of each fiscal quarter, Franchise Owner shall deliver to Franchisor a profit and loss statement and balance sheet for said quarter, certified by Franchise Owner or, if Franchise Owner is a corporation or partnership, by the duly authorized chief executive officer of Franchise Owner; and within ninety (90) days after the close of each calendar or fiscal year of the Franchise Owner (whichever Franchise Owner uses for federal income tax purposes), Franchise Owner shall deliver to Franchisor a balance sheet, profit and loss statement

and statement of cash flows, certified by Franchise Owner or, if Franchise Owner is a corporation or partnership, by the chief executive officer of Franchise Owner (and, if requested by Franchisor in writing, by an independent certified public accountant selected by Franchise Owner, at Franchise Owner's expense, and acceptable to Franchisor). All such quarterly and annual financial information is to be prepared in accordance with generally accepted accounting principles applied on a consistent basis.

(ii) Franchise Owner also shall, at its expense, deliver to Franchisor, within ninety (90) days after the end of each fiscal year of Franchise Owner, reports of sales and reports of amounts expended on advertising from the year's operations certified by the chief executive officer of Franchise Owner (and, if requested by Franchisor in writing, by an independent certified public accountant selected by Franchise Owner, at Franchise Owner's expense, and acceptable to Franchisor).

(iii) Franchise Owner shall execute and submit a weekly report on Franchisor's prescribed form of Gross Sales and any additional information, which Franchisor reasonably requests. This report must be received by Franchisor together with payment of the weekly Royalty Fee as and when prescribed in Section 6(b)(i), above. If requested by Franchisor, Franchise Owner will furnish more frequent reports of Gross Sales by telephone or as otherwise specified by Franchisor.

(t) Business Records. All business records of Franchise Owner shall be kept at the Location, maintained on forms and in accordance with generally accepted accounting principles and other procedures prescribed from time to time by Franchisor and preserved during the term of this Agreement and for a period of not less than thirty-six (36) months from the end of the fiscal year to which such records relate, including but not limited to, sales slips, cash register tapes, cash register tape readings, cash and other return records, sales books, bank books, duplicate deposit slips, inventory records, tax returns, financial statements, reports to government authorities, Restaurant records and other evidence of gross revenues and business transactions.

(u) Hours of Operation. Franchise Owner shall open and operate the Restaurant every day (except during such periods as it may be required by law or permitted by Franchisor to be closed, including such holidays as may from time to time prescribed in the Manual) during the hours prescribed by Franchisor from time to time as set forth in the Manual. In addition, Franchise Owner will fully comply with all provisions of the lease, if any, for the Location.

(v) Supplier Obligations. Without limiting the generality of any other covenant of Franchise Owner, Franchise Owner agrees that Franchise Owner shall pay on a timely basis for all food products, beverages, paper and plastic goods and other items used in the operation of the Restaurant. Franchise Owner is aware that failure to make prompt payment to its suppliers may cause irreparable harm to the reputation and credit of Franchisor and other franchise owners.

(w) Employees. Franchise Owner at all times shall keep the Restaurant adequately staffed with, and pay the salary and wages of, a sufficient number of adequately trained and

competent employees, so as to enable Franchise Owner to operate the Restaurant efficiently and in a manner in keeping with the standards set by Franchisor.

(x) Cooperative Programs. Franchise Owner shall at all times participate in and cooperate with Franchisor and other franchise owners in any and all of Franchisor's cooperative programs relating to sales, sales returns, public relations, advertising or promotional programs calling for the cooperation of Franchise Owner and in such other cooperative programs of Franchisor as may from time to time be designated by Franchisor, including, but not limited to, the coupon program more fully described in Section 10(g), below.

(y) Submission of Advertising. Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and, public image of the Marks, Franchise Owner agrees to submit to Franchisor or its designated agent, as requested and for its prior approval, all sales promotional materials and all advertising and public relations materials to be used by Franchise Owner, including, but not limited to, point of purchase, newspaper, radio and television and any specialty and novelty items. In the event written or oral approval of said advertising and promotional materials is not received by Franchise Owner from Franchisor or its designated agent within fifteen (15) days from the date such material is submitted to and received by Franchisor, said materials shall be deemed approved. Failure by Franchise Owner to conform with the provisions herein and subsequent non-action by Franchisor regarding such failure shall not be deemed to be a waiver by Franchisor of any right of action for further or additional failures by Franchise Owner to conform to the requirements of this section. The submission of advertising to Franchisor for approval shall not affect Franchise Owner's right to determine the prices at which Franchise Owner advertises or sells products or services. Notwithstanding Franchisor's approval of any Franchise Owner advertising, Franchise Owner shall be solely responsible for complying with all federal, state and local laws and regulations relating to such advertising.

(z) Corporate or Partnership Franchise Owner.

(i) If Franchise Owner is or becomes a corporation, the Franchise Owner must comply with the following requirements as well as any additional requirements set forth in Section 14, below:

(A) Franchise Owner shall confine its activities to the establishment and operation of the Restaurant.

(B) Franchise Owner's Certificate or Articles of Incorporation and Bylaws (or comparable governing documents) shall at all times provide that its activities are confined exclusively to the operation of the Restaurant and that the issuance and transfer of voting stock, or other ownership interest therein, is restricted by the terms of this Agreement.

(C) Franchise Owner shall furnish Franchisor, promptly upon request, copies of Franchise Owner's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, from time to time.

(D) Each stockholder of Franchise Owner shall, in writing, agree not to assign, transfer, pledge, sell or otherwise convey all or part of his or her capital stock without the prior written consent of Franchisor. So long as Franchise Owner's family members are actively involved in the Restaurant and are capable of operating said Restaurant in the reasonable judgment of Franchisor, this restriction will not apply to transfers or sales to Franchise Owner's family members. All stock certificates issued by Franchise Owner shall have endorsed on them the following:

"The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with Snappy Tomato Pizza Company and to the restrictive provisions of the Articles and Bylaws of this Corporation."

(E) Franchise Owner shall maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Franchise Owner and shall furnish the list to Franchisor upon request, from time to time.

(ii) If Franchise Owner is or becomes a partnership, the Franchise Owner must comply with the following requirements:

(A) Franchise Owner shall confine its activities to the establishment and operation of the Restaurant.

(B) Franchise Owner's Partnership Agreement shall at all times provide that its activities are confined exclusively to the operation of the Restaurant and that the issuance and transfer of any partnership interest is restricted by the terms of this Agreement.

(C) Franchise Owner shall furnish Franchisor promptly upon request a copy of its partnership agreement, and any amendments thereto, from time to time.

(D) Franchise Owner shall maintain a current list of all general and limited partners of Franchise Owner and shall furnish the list to Franchisor upon request, from time to time.

(iii) Each individual who or entity which holds any ownership interest in Franchise Owner, legal or beneficial, direct or indirect (including, by way of example of an indirect owner, each individual holding a fifty percent (50%) or greater interest in any partnership or corporation having a controlling interest in Franchise Owner) shall enter into a Guarantee Agreement in the form attached as Exhibit B and a Confidentiality and Non-Competition Agreement as required by Section 16(c), below.

9. Training

(a) Attendees. The following persons (including persons who become such after the date of this Agreement, and any and all successors to any persons of the type required to be trained hereunder) shall satisfy all of the conditions established by Franchisor from time to time for admission to, and graduation from, Franchisor's initial training program and such additional training programs as Franchisor may from time to time require:

(i) Franchise Owner, if it is an individual;

(ii) The Manager and any other person who is actively involved in the management or operation of the business of Franchise Owner or the operation of the Restaurant; and

(iii) Each person who has an interest in Franchise Owner (if Franchise Owner is a group of individuals or a corporation, partnership, unincorporated association or similar entity) and whose satisfaction of the training requirements is required by Franchisor in writing.

(b) Fees. No fee shall be charged by Franchisor for one-time enrollment in the initial training program by Franchise Owner and two (2) additional designees of Franchise Owner (if Franchise Owner does not serve as the Manager, one such designee must be the Manager; otherwise, the designee may be any person described in subsection (a), above). Franchise Owner must pay Franchisor for each additional enrolled in any initial training program the standard fee then being charged by Franchisor for additional enrollees. If Franchisor makes available additional training programs, Franchise Owner must pay Franchisor the standard fee then being charged by Franchisor for persons attending such programs. Each training fee includes tuition and materials only. Franchise Owner shall be responsible for all other costs and expenses (such as room, board, transportation and wages) of each person who attends any of the programs.

(c) Timing. The initial training program requirements set forth above must be satisfied prior to the earlier of the actual opening of the Restaurant or the Opening Date. If the identity of the Manager changes at any time, the replacement Manager must satisfy all of Franchisor's then effective initial training program requirements prior to acting as and being designated as a Manager. If the identity of any other person specified in Section 9(a), above, changes at any time, the applicable training requirement must be satisfied as and when specified by Franchisor in this Agreement, the Manual or otherwise.

10. Advertising and Promotions

(a) Local Advertising of Franchise Owner.

(i) Franchise Owner shall spend a minimum of two percent (2%) of Gross Sales of Franchise Owner in each month on local advertising and promotion for the Restaurant and shall

furnish Franchisor with monthly local advertising and promotion reports, in the form and manner designated by Franchisor from time to time, each such report to be actually received by Franchisor on or before the tenth (10th) calendar day of the month following the month that is the subject of such report. Such advertising shall include, but shall not be limited to, the following: (A) participation in local area media advertising programs established from time to time by Franchisor; (B) participation in drives, contests and similar programs related to sales promotions established from time to time by Franchisor and designated as part of Franchise Owner's local advertising and promotion responsibility for the Restaurant; and (C) any other local advertising and promotion approved by Franchisor.

(ii) Franchise Owner understands and agrees that for purposes of clause (i), above, "advertising and promotion" expenditures shall not include, and Franchise Owner shall not include in its report of the amounts expended on advertising and promotion, any costs or expenses incurred in connection with any of the following: (A) incentive programs, including the cost of honoring coupons; (B) market-wide or other research; (C) food costs incurred in any promotion; (D) salaries and expenses of any employees of Franchise Owner, including salaries or expenses for attendance at advertising meetings or activities; (E) charitable, political or other contributions or donations; (F) in-store materials consisting of fixtures or equipment; (G) seminar and educational costs and expenses of employees of Franchise Owner; (H) specialty items (such as tee shirts, premiums, pins and awards) unless otherwise agreed by Franchisor; and (I) such other items as Franchisor shall in writing, in the Manual or otherwise, reasonably determine in its discretion from time to time.

(b) Telephone Directory Listings. In addition to Franchise Owner's obligations under subsection (a), above, Franchise Owner shall obtain and maintain at Franchise Owner's expense advertisements in the classified or yellow pages of local telephone directories under the listing for "restaurants" in the area and manner approved by Franchisor.

(c) Advertising Fund. In addition to Franchise Owner's local advertising and promotion obligations for the Restaurant described in subsections (a) and (b), above, Franchise Owner shall pay a non-refundable Advertising Fund Fee equal to three and one-half percent (3.5%) of Franchise Owner's weekly Gross Sales payable to Franchisor or to such other entity designated by Franchisor in its sole discretion, such fee to be due and payable (and actually received by Franchisor) together with each weekly Royalty Fee payment and report required under Section 5(b), above, based upon Gross Sales for the preceding week (Monday through Sunday) at the same times and in the same manner as apply thereto.

(i) Franchisor shall oversee all Fund advertising, with sole discretion to determine, approve or disapprove the creative concepts, materials and media used in such advertising, and the placement, type, scope and allocation of the Fund advertising. Franchise Owner agrees and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Marks and the System, and that Franchisor and its designee undertake no obligation, in administering the Fund, to make expenditures for Franchise Owner or its location

which are equivalent or proportionate to its contribution or to ensure that any particular Franchise Owner benefits directly or pro rata from the advertising or promotion conducted under the Fund.

(ii) Upon receipt of any weekly advertising remittance, Franchisor may withhold and apply a portion of such remittance for the purpose of defraying such reasonable salaries, administrative costs and overhead as Franchisor or its designee may incur in connection with the activities described in subsection (iii), below. The balance of any remittance remaining after such withholding will constitute a contribution paid by Franchise Owner to the Fund to be used exclusively for the purpose described in subsection (iii), below.

(iii) The Fund, all contributions hereto, and any earnings thereon shall be used exclusively to meet any and all costs of maintaining, administering, directing and preparing local, regional and/or national advertising, promotional and public relations activities, including, among other things, the cost of creating, preparing, producing and conducting television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials.

(iv) It is anticipated that substantially all contributions to, and earnings of, the Fund shall be expended during the taxable year within which the contributions and earnings are received. In any year, expenditures shall be made first out of earnings of the Fund from previous years, next out of earnings of the Fund in the current year, and finally out of contributions.

(v) A report of the use and application of the Fund shall be prepared annually by Franchisor or its designee and a copy thereof provided to Franchise Owner upon written request of Franchise Owner therefore.

(vi) Although the Fund is intended to be of perpetual duration, Franchisor may terminate the Fund or suspend its operation at any time. The Fund shall not be terminated, however, until all monies in the Fund have been expended pursuant to this subsection.

(d) Advertising Cooperative. If Franchisor, in its sole discretion, deems it appropriate, it may require Franchise Owner to join with other franchise owners in a local or regional advertising cooperative and to pay such amounts as are determined from time to time by such cooperative not to exceed two percent (2%) of Franchise Owner's weekly Gross Sales (such amount to be credited against the amounts Franchise Owner is required to expend for advertising pursuant to subsection (a), above). Franchisor reserves the right to require Franchise Owner to cooperate with other franchise owners in connection with regional promotional, advertising and marketing activities regardless of whether an advertising cooperative is established. Franchisor may also require a 1-vote-per-Restaurant voting structure with regard to such advertising cooperative.

(e) Increase in Advertising Fees. Franchisor reserves the right to increase the aggregate percentage requirements for the advertising fees required under subsections (a) and (c), above (the

amount in (c), if any, to be netted against the amount required under (a), above) from five and one-half percent (5.5%) to up to ten percent (10.0%) by adjusting the percentage requirements under subsections (a) and/or (c) as Franchisor may determine from time to time, any such increase to become effective upon not less than thirty (30) days' prior written notice to Franchise Owner.

(f) Local Advertising and Marketing Plans. Franchisor may offer, from time to time, to provide Franchise Owner with approved local advertising and marketing plans and materials, including, without limitation, newspaper ads, radio commercial tapes, television commercial prints and other promotional and marketing materials, at a price equal to Franchisor's cost therefore. Samples of all local advertising and marketing materials not prepared or previously approved by Franchisor or its designated agents shall be submitted (by certified mail, return receipt requested) to Franchisor for approval (except with respect to prices to be charged), which approval shall not be unreasonably withheld, prior to their use by Franchise Owner.

(g) Franchise Owner agrees to honor, and bear the expense of honoring, any coupons or similar promotional materials issued by Franchisor or, if directed to do so by Franchisor, other Snappy Tomato Pizza franchise owners.

11. Major Renovation of Restaurant, Equipment and Furnishings

(a) Major Renovation. To maintain a modern, progressive and uniform operational image, Franchisor shall have the right, at any time and from time to time after the expiration of seven (7) years from the opening for business of the Restaurant by Franchise Owner, to require Franchise Owner to perform such remodeling and redecoration in and upon the Restaurant, equipment and furnishings used by Franchise Owner as Franchisor shall deem necessary and practical to bring the Restaurant, equipment and furnishings up to the then current standards of other Snappy Tomato Pizza Restaurants (including, but not limited to the substitution of equipment, furniture, fixtures, signs or total decor remodeling to conform to material changes in the System); provided, however, that in making and performing same, Franchise Owner shall not be required to expend at any one time an amount in excess of fifty percent (50%) of the total straight-line depreciation allowable for federal income tax purposes on the Restaurant building and personal property from the date the Restaurant was opened for business, less amounts previously expended (with the prior written approval of Franchisor) for remodeling and redecoration of the type contemplated hereby (other than amounts expended pursuant to Section 8(o), above) in and upon such Restaurant, equipment and furnishings. In the event Franchise Owner leases the Restaurant building or any depreciable personal property, allowable depreciation for the purposes of this Section 11(a) shall be computed as if such building and personal property were owned by Franchise Owner.

(b) Additional Repairs and Replacement. In addition to the requirements set forth in subsection (a), above, Franchise Owner agrees to perform such other repairs and replacement as Franchisor shall deem necessary from time to time in order to bring the Restaurant, equipment and furnishings up to the then current national standards of Franchisor.

(c) Routine Maintenance. The requirements of this Section 11 are in addition to the regular maintenance obligations of Franchise Owner set forth under Section 8(o), above.

(d) Approval. All refurbishing, remodeling, or other alterations shall require the prior written approval of Franchisor and be subject to compliance with all other requirements of Sections 2(c) and 8, above.

12. Hold Harmless; Insurance

(a) Independent Contractor. This Agreement does not confer upon Franchise Owner the status of agent, legal representative, joint venture, partner, employee or servant of Franchisor for any purpose whatsoever. Franchise Owner is an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create or incur any obligation or debt, express or implied, or assume any liability or accept service of process, on behalf of Franchisor. Franchise Owner also acknowledges that nothing contained herein or relating to this Agreement shall be deemed to create any fiduciary or similar relationship with Franchisor.

(b) Indemnification.

(i) Franchise Owner agrees to indemnify, defend (at the option of Franchisor) and hold harmless Franchisor, its affiliates, its or their successors or assigns, from and against any and all claims, demands, losses, obligations, judgments, settlements, penalties, expenses (including but not limited to attorneys' fees, court costs and other expenses), liabilities or damages of whatsoever kind and nature, by anyone whomsoever, arising directly or indirectly out of, or otherwise connected in any way with, this Agreement, the Franchise or the ownership, maintenance or operation of the Restaurant or Location or the business activities conducted by Franchise Owner. This section shall not include indemnification for liability caused by Franchise Owner's proper reliance on or use of procedures or materials provided by the Franchisor or caused by the Franchisor's negligence.

(ii) Notwithstanding the foregoing, Franchisor agrees to cooperate with Franchise Owner to protect Franchise Owner against any infringement of the System and the Marks, including, but not limited to, the defense or prosecution of any lawsuits, if, in the judgment of Franchisor's counsel, such action is necessary or advisable.

(iii) Under no circumstances shall Franchisor be liable for any act, omission, debt, liability or other obligation of Franchise Owner, unless an authorized officer of Franchisor has given Franchisor's prior written consent to assume such liability or unless such liability is imposed in a legal action challenging Franchise Owner's right to use the Marks as authorized herein and Franchise Owner has otherwise complied with requirements of Section 7, above (provided, however, that in no event shall Franchisor have any other obligation to Franchise Owner with respect to such action other than as specified in Section 7(b), above).

(c) Insurance. Franchise Owner shall procure, prior to commencing any operations hereunder and maintain at all times in full force and effect, at Franchise Owner's expense, insurance against any and all claims and demands with respect to personal injury, death or property damage, or any other loss, liability or expense whatsoever arising or occurring upon or in

connection with the operation of the Restaurant or Location or the business activities conducted by Franchise Owner, as follows:

(i) Each such policy or policies shall be written by an insurance company satisfactory to Franchisor and in accordance with Franchisor's standards and specifications in effect from time to time, and shall include, at a minimum (except as additional coverage's and higher policy limits may be specified by Franchisor from time to time), the following initial minimum coverage:

(A) Commercial General Liability Insurance, including coverages for products, completed operations, contractual liability, personal and advertising injury, fire damage, medical expenses, and, if applicable, liquor liability, having a combined single limit for bodily injury and property damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate (except for fire damage and medical expense coverages, which may have different limits of not less than \$50,000 for one fire and \$5,000 for one person, respectively); plus non-owned automobile liability insurance and, if Franchise Owner owns, rents or identifies any vehicles with any of the Marks or vehicles are used in connection with the operation of the Restaurant, automobile liability coverage for owned, non-owned, scheduled and hired vehicles having limits for bodily injuries of not less than \$500,000 per person and \$1,000,000 per accident, and property damage limits of \$100,000 per occurrence; plus excess liability umbrella coverage for the general liability in an amount of not less than \$500,000 per occurrence and \$1,000,000 in aggregate. All such coverages shall be on an occurrence basis and shall provide for waivers of subrogation.

(B) Comprehensive crime and blanket employee dishonesty insurance in an amount of not less than \$10,000.

(C) All-risk property insurance, including theft and flood coverage (when applicable), written at replacement cost value covering the building, improvements, furniture, fixtures, equipment, food and beverage products. Coverage shall be written in a value, which will cover not less than eighty percent (80%) of the replacement cost of the building and one hundred percent (100%) of the replacement cost of the contents of the building.

(D) Worker's compensation insurance and any other insurance required by the laws of the state in which the restaurant is located.

(E) Business interruption insurance of not less than \$50,000 per month for loss of income and other expenses with a limit of not less than six (6) months of coverage.

(F) During any period or periods of remodeling or construction, policies of builder's risk insurance coverage in form, substance and amount satisfactory to Franchisor.

(G) Franchise Owner shall maintain Employment Practices Liability Insurance to cover an employer against employment claims made by employees with a limit of not less than \$50,000.

(H) Franchise Owner shall maintain Cyber Liability Insurance to cover a business' liability for a data breach and similar claims with a limit of not less than \$50,000.

(I) Such additional insurance as may be required from time to time by law or reasonably specified by Franchisor (whether due to inflation, identification of special risks, changes in law or standards of liability, higher damages, other relevant changes in circumstances or otherwise).

(ii) Franchise Owner's obligation to obtain and maintain, or cause to be obtained and maintained, the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchise Owner's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 12(b), above.

(iii) All insurance policies required hereunder (excepting only worker's compensation insurance) must be with carriers and in form and substance satisfactory to Franchisor, name Franchisor and its affiliates as additional insured and loss payees, provide that Franchisor must be given thirty (30) days' prior written notice of any cancellation, non-renewal, termination or material change therein and provide that Franchisor and its affiliates, although named as insured, may recover under said policies any loss occasioned to any of them, their agents or employees, by reason of the negligence of Franchise Owner or Franchise Owner's agents or employees and that no breach by Franchise Owner of such policy shall affect the interest of Franchisor or its affiliates therein.

(iv) Prior to the opening of the Restaurant, and thereafter annually and also at least thirty (30) days prior to the expiration of any such policy or policies, Franchise Owner shall deliver to Franchisor certificates of insurance evidencing compliance with this Section 12(c).

(v) The insurance coverage required hereunder shall be obtained for each Location at which Franchise Owner operates a Restaurant.

(vi) Franchise Owner shall promptly notify Franchisor of each incident or event which may, or does in fact, result in a claim against Franchise Owner or Franchisor, whether or not such incident or event is required under the terms of any insurance policy to be reported to the insurance carrier.

(vii) If Franchise Owner fails to procure or maintain insurance as herein required, Franchisor may at its option (but shall not be obligated to), in addition to its other rights and remedies hereunder, procure such insurance on behalf of Franchise Owner and, in such event, the Franchise Owner shall, upon demand from time to time, reimburse the Franchisor for the costs and premiums thereof together with interest thereon from the date such costs are incurred by Franchisor at the rate specified in Section 5(f), above.

13. **Default: Termination**

(a) **Nature of Obligations.** Franchise Owner acknowledges that each obligation of Franchise Owner under this Agreement, the Manual and Franchisor's standards and specifications in effect from time to time is material and reasonable and that strict, timely and exact performance by Franchise Owner of each of such obligations is a condition precedent to the continuation of this Agreement. Any breach of any such obligation or failure to perform such obligation on the part of Franchise Owner whether by way of omission or commission shall be deemed to be a substantial breach going to the essence of this Agreement which shall provide good cause and entitle Franchisor to exercise any and all remedies given in this Agreement at law or in equity. Franchisor shall be reasonable with respect to Franchise Owner's opportunities to cure any breach, and Franchisor will not move to enforce the provisions of this section without being reasonable to Franchise Owner to resolve problems involved.

(b) **Termination for Good Cause.** Franchisor retains the right to terminate this Agreement for good cause prior to the expiration of its term.

(c) **Definition of Good Cause.** As used in this Section, "good cause" shall include, without limitation, the following event(s) (hereinafter referred to as "Default(s)"):

(i) Franchise Owner, or any of its shareholders, partners or affiliates, fails to comply with any term, covenant, condition, requirement or provision of this Agreement or any other agreement or obligation between Franchisor (or any of its affiliates) and Franchise Owner;

(ii) Franchise Owner fails to have a Location designated, and any lease thereof approved, within the applicable time periods specified in Section 2(a), above;

(iii) Any event described in Section 5(a)(iii), above;

(iv) Franchise Owner fails to have the Restaurant opened for business to the general public in accordance with this Agreement on or before the Opening Date;

(v) Franchise Owner misuses the System or the Marks, or any other names, marks, systems, insignia, symbols or rights provided by Franchisor to Franchise Owner, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, or if Franchise Owner shall use, at the Restaurant, any names, marks, systems, insignia or symbols not authorized by Franchisor;

(vi) Any breach of Section 16 of this Agreement;

(vii) Franchise Owner fails to pay when due any monies owed Franchisor or any of its affiliates hereunder or under any other agreement or obligation, and such failure continues for five (5) or more days;

(viii) Franchise Owner fails to submit, when required to do so, any report of sales, financial statement, financial report or other report or information required under this Agreement.

(ix) Franchise Owner fails to construct, maintain or remodel the Restaurant or the equipment in accordance with Franchisor's plans, specifications and policies or to equip the Restaurant in accordance with Franchisor's standards and specifications.

(x) Franchise Owner fails to operate the Restaurant in accordance with the specifications, policies and standards of the System or as set forth in this Agreement, the Manual or otherwise set forth in writing by Franchisor;

(xi) Franchise Owner or any other person described in Section 9, above, fails to satisfy the training requirements described in Section 9, above;

(xii) Franchise Owner fails to use food products, ingredients and methods of preparation which conform to the specifications and standards of Franchisor, sells unauthorized products or services or products or services not meeting Franchisor's standards and specifications, or shall fail in any other way to maintain Franchisor' standards in appearance, service and/or operation in the operation of the Restaurant;

(xiii) Franchise Owner purports to effect any assignment or transfer other than in accordance with Section 15, below;

(xiv) Franchise Owner is in default under any lease or sublease of the Location or loses the right to possession thereof for any reason whatsoever;

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

(xvi) Franchise Owner makes, or has made, any misrepresentation to Franchisor in connection with obtaining this Agreement or in conducting the business franchised and licensed hereunder, or any report, certificate or other document now or hereafter delivered by or on behalf of Franchise Owner under or in connection with this Agreement is false or misleading in any material respect or omits to state any fact necessary to make the contents thereof not misleading in any material respect;

(xvii) Franchise Owner fails to obtain Franchisor's prior written approval or consent as expressly required by this Agreement;

(xviii) The Manager or any substitute or replacement fails to satisfy any of the requirements of Section 8(n), above;

(xix) Franchise Owner vacates, deserts, ceases to operate or otherwise abandons the Restaurant, or Franchise Owner, without the prior written consent of Franchisor, closes the Restaurant and fails to observe the minimum day and hour requirements for an aggregate of any three (3) or more days in any thirty (30) day period or for three (3) or more consecutive days at any time except, in the event of a closing as a result of fire, condemnation or Act of God, a closing for such period as Franchisor deems reasonable in its sole discretion, but in no event more than

one hundred eighty (180) days, provided, however, that Franchise Owner must continue to perform all other obligations under this Agreement during such period;

(xx) Franchise Owner, or any person or entity controlling, controlled by or under common control with Franchise Owner, shall become insolvent or unable to pay its, his or her debts as they mature; shall be adjudicated a bankrupt; shall file or have filed against it, him or her a petition in bankruptcy, for a reorganization or arrangement or similar proceeding, or for the appointment of a receiver, trustee or similar creditors representative for all or any of its, his or her assets or property, under any federal or state insolvency or similar laws; or if Franchise Owner or any such person or entity makes a general assignment for the benefit of creditors; or if the bank accounts, property or receivables of Franchise Owner or any such person or entity is attached or if suit to foreclose any lien or mortgage against all or any part of the Restaurant, the Location or the business assets is instituted and not dismissed within thirty (30) days;

(xxi) Franchise Owner, or any person or entity controlling, controlled by, or under common control with Franchise Owner, is or has been convicted or pleads guilty or no contest to a charge of violating any law relating to the Franchise business, any law enacted to protect consumers or any crime or offense that involves moral turpitude or calls the integrity of Franchise Owner into question or that Franchisor reasonably believes is reasonably likely to have an adverse effect on the Restaurant, the Location, the System, the Marks or the goodwill associated therewith;

(xxii) Franchise Owner fails to comply with any federal, state or local law, regulation or ordinance applicable to the operation of the franchised business hereunder;

(xxiii) Franchisor's alcoholic beverage license, if any, or any other operating permit or license, is revoked or suspended for any reason;

(xxiv) Franchise Owner, if a corporation or partnership, dissolves or is the subject of any dissolution, winding up or liquidation;

(xxv) Franchise Owner fails to maintain any insurance as required by Section 12(b), above; or

(xxvi) The occurrence of repeated defaults of the same or a different nature, regardless of cure.

(d) Notice of Termination; Cure Period. Franchisor may at its option, in addition to any other remedies available under this Agreement and/or applicable law, terminate this Agreement for good cause by giving Franchise Owner written notice of termination stating the reasons therefore, advising whether there is an opportunity to cure the event giving rise to the termination (and, if so, the length of such cure period) and specifying the date of such termination. Franchise Owner shall be allowed a reasonable opportunity as specified by Franchisor, to cure such Default after receiving written notice of such Default, but no longer than thirty (30) days from the date of such notice or such longer period as is required by law; provided, however, that (unless otherwise required by law), Franchisor may terminate this Agreement without giving Franchise

Owner prior notice or an opportunity to cure if there occurs any Default under Sections 13(c) (iii), (v), (vi), (vii), (xii), (xiii), (xvi), (xviii), (xix), (xxi), (xxiv), (xxv) and (xxvi), any other event of termination or good cause that Franchisor reasonably deems unsupportable or cure, or if during any twelve (12) month period any Default or other event of termination or good cause occurs which is similar to a Default or event previously occurring in such period for which Franchisor gave Franchise Owner notice (regardless of cure).

(e) Survival. The obligations of Franchise Owner under Sections 7(a)(iii), 12(b) and 16 of this Agreement, and any other Franchise Owner obligations herein that are stated to survive or apply beyond termination or expiration of this Agreement, shall survive any termination or expiration of this Agreement; and expiration or termination of this Agreement shall be without prejudice to the rights of Franchisor against Franchise Owner hereunder and shall not relieve Franchise Owner of any of its obligations to Franchisor existing at the time of expiration or termination.

(f) Duties of Franchise Owner Upon Termination. Upon termination of this Agreement for any reason, or upon expiration of the term hereof, Franchise Owner agrees as follows:

(i) To pay immediately to Franchisor the full amount of all sums due under this Agreement;

(ii) To cease immediately to use the System and the Marks (or any mark or symbol confusingly similar thereto);

(iii) To return the Manual and all other manuals, plans and specifications, designs, records, data, samples, models, programs, handbooks, drawings or other written materials concerning Franchisor's operations or business;

(iv) To cease immediately to hold itself out in any way as a franchise owner of Franchisor or to do anything which would indicate any relationship between it and Franchisor except to the extent permitted pursuant to Paragraph 18(d);

(v) To assign to Franchisor all of Franchise Owner's right, title and interest in and to Franchise Owner's telephone numbers for the Restaurant; and

(vi) To permit Franchisor's agents to enter the premises and to remove or permanently cover all signs or advertisements identifiable in any way with Franchisor's name or image.

(g) Right to Purchase Upon Termination or Expiration.

(i) For a period of sixty (60) days from the date of termination or expiration, Franchisor shall have the right, but not the obligation, to do either or both of the following:

(A) To take over and assume the lease of Franchise Owner for the Location as of the date of termination, exercisable by sending written notice within the prescribed period to Franchise Owner and to the landlord of said Location. Franchise Owner hereby constitutes and appoints Franchisor as its attorney-in-fact with full power and authority to execute, on behalf of Franchise Owner, an assignment of the lease on the Location from Franchise owner to Franchisor or Franchisor's designee;

(B) To purchase from Franchise Owner, upon termination of this Agreement under this Section 13, any or all of the equipment, fixtures, inventory and furnishings, and equipment leases, in connection with the operation of the Restaurant, at market value or depreciated cost value, whichever shall be lower. In the event Franchise Owner has not fully paid for said equipment, fixtures, inventory and furnishings, or right under leases, Franchisor shall have the right to take possession of said equipment, fixtures, inventory, furnishings or right under leases, upon assumption of the obligation to complete the balance of payment or lease installments remaining unpaid as of the date of termination, in which case said unpaid balance shall be deducted from the purchase price as computed above. If said unpaid balance shall be greater than the purchase price as computed above, then the difference shall be immediately payable by the Franchise Owner to Franchisor. If termination is due to the expiration of the term of this Agreement, or any renewal period thereof, Franchisor may purchase any or all of the equipment, fixtures, inventory and furnishings and other business assets of Franchise Owner free of any liabilities, liens or encumbrances at a price equal to cost or market value, whichever shall be lower, with respect to equipment, fixtures, inventory and furnishings. Franchisor may exercise these options within the prescribed period by sending written notice to Franchise Owner. Any dispute as to valuation thereof shall not prohibit Franchisor from taking immediate possession thereof and subsequently resolving said dispute over value pursuant to the arbitration to provisions of this Agreement.

(ii) Any amounts owed to Franchisor or any of its affiliates by Franchise Owner may be set off by Franchisor or any of its affiliates against any amounts due from Franchisor for the purchase of assets under subsection (i), above.

(iii) Upon termination or expiration of this Agreement for whatever reason, Franchisor may but shall not be obligated to resell the Franchise herein upon such terms and conditions as Franchisor shall desire and Franchisor Owner shall have no right to receive any proceeds of such a resale.

(h) Early Termination Damages.

(i) If Franchise Owner defaults on its obligations and Franchisor terminates this Agreement prior to the expiration of the Initial Term or any Renewal Term of this Agreement, it is hereby agreed by Franchise Owner and Franchisor that the amount of damages which Franchisor would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, Franchise Owner and its owners shall pay to Franchisor an amount equal to the average monthly Royalty Fees that Franchise Owner owed for the past 24 months multiplied by the lesser of 24 months or the number of months remaining in the term of this Agreement. If

Franchise Owner has not operated the Store for 24 months, the early termination damages will be calculated by using the average monthly Royalty Fees owed by Franchise Owner for the number of months that the Store has been in operation. These early termination damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of Franchise Owner and its owners.

(ii) Franchise Owner and Franchisor acknowledge and agree that: (1) the early termination damages are a reasonable estimation of the damages that would be incurred by Franchisor resulting from or arising out of the premature termination of this Agreement; and (2) Franchise Owner's payment of such early termination damages is intended to fully compensate Franchisor only for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of Franchisor's claim for other damages and/or equitable relief arising out of Franchise Owner's breach of this Agreement. The imposition of early termination damages shall be at Franchisor's option. Franchisor is not required to impose early termination damages and may, in addition or in lieu thereof, pursue other remedies available to Franchisor under the terms and conditions of this Agreement, in equity or at law in the event of Franchise Owner's default under this Agreement, including, without limitation, actual damages incurred by Franchisor, if such can be ascertained. All such remedies shall be cumulative and non-exclusive.

14. Transfer of Interest by Franchisor

Franchisor may sell, transfer or assign this Agreement and any rights or duties hereunder to any third party.

15. Transfer of Interest by Franchise Owner

(a) General Provisions. Franchise Owner understands and acknowledges that the rights and duties created by this Agreement are personal to Franchise Owner and that Franchise Owner has entered into this Agreement in reliance upon information provided by Franchise Owner relating to Franchise Owner's business skill, financial capacity and personal character. Therefore, Franchise Owner may not (directly, indirectly, contingently, voluntarily, involuntarily, by contract or by operation of law) sell, assign, lease, transfer, encumber, pledge, mortgage or grant a security interest in this Agreement, the Franchise, the Restaurant, any Restaurant assets, the Location, the lease for the Location or any other interest hereunder, nor suffer or permit any such assignment, lease, transfer, encumbrance, mortgage or grant of security interest to occur without the prior written consent of Franchisor. If Franchise Owner is a corporation, partnership, unincorporated association or similar entity, the terms of this Section 15 shall be deemed to apply to any sale, resale, pledge, assignment, transfer or encumbrance of any voting stock, partnership or other equity interests or interests convertible thereto. (See Section 8(z)(i)(D) for the exception to this paragraph.) Notwithstanding the foregoing, Franchisor shall not withhold its consent to any lien or mortgage on the Restaurant and/or Restaurant assets of Franchise Owner for such liens or mortgages that result from financing provided to Franchise Owner for the Restaurant made wholly or in part by the U.S. Small Business Administration ("SBA").

(b) Right of First Refusal. If Franchise Owner receives from a third person and desires to accept a bona fide written offer to purchase its Restaurant, Franchise and interests, Franchisor shall have the option, exercisable within forty-five (45) days after written notice and receipt of a copy of such offer and the other information set forth in this subsection (b), to purchase the Restaurant, Franchise and interests, including Franchise Owner's right to occupy and use the Location, on the same terms and conditions as offered by said third party, less any fee charged by a broker or listing agent. In order that Franchisor may have information sufficient to enable it to determine whether to exercise its option, Franchise Owner shall deliver to Franchisor certified financial statements as of the end of Franchise Owner's most recent fiscal year and such other information about the business and operations of Franchise Owner as Franchise Owner has provided to such third party. If Franchisor does not exercise its option, Franchise Owner may, within sixty (60) days from the expiration of the option period, sell, assign and transfer its Restaurant, Franchise and interests to said third party, subject to the consent and other requirements of this Section 15(c). Any material change in the terms of the offer prior to closing the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by Franchisor as in the case of an initial offer. Failure by Franchisor to exercise the option afforded by this Section 15(b) shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15(c) with respect to the proposed transfer.

(c) Assignment or Transfer (Other Than to a Controlled Corporation). Franchisor agrees not to unreasonably withhold its consent to any sale, assignment, transfer, lease, encumbrance or other conveyance by Franchise Owner (provided, however, that Franchisor may withhold its consent to any pledge, mortgage or grant of a security interest in the Franchise Agreement in its sole and absolute discretion). In considering a request for sale, assignment, transfer, lease, encumbrance or other conveyance (all of which are hereinafter included within the term "transfer"), Franchisor shall consider, among other things, the qualifications, apparent ability and credit standing of the proposed transferee. (See Section 8(z)(i)(D) for an exception to this paragraph). Without limiting the generality of the foregoing, the withholding of consent shall not be deemed unreasonable if:

(i) The proposed transferee does not qualify to receive a franchise under Franchisor's standards then in existence for prospective franchise owners; or

(ii) Any obligation of Franchise Owner hereunder or related hereto is not fully paid and satisfied; or

(iii) Franchise Owner is in default under any provision of this Agreement or the related documents; or

(iv) The proposed transferee, and its stockholders or partners, refuses to either or both (as Franchisor may direct in its sole discretion) assume all the agreements, duties and obligations to be performed, fulfilled and observed by Franchise Owner hereunder in writing satisfactory to Franchisor, or enter into Franchisor's then current standard form of Franchise Agreement and related agreements for Snappy Tomato Pizza Restaurants (in either event for a term equal to the then unexpired term of this Agreement, with any extension or renewal option permitted hereunder); or

(v) Franchise Owner fails to submit to Franchisor all applications, financial statements, transfer agreements and other documents and information Franchisor may request in order to facilitate its review of the proposed transfer and transferee; or

(vi) The proposed transferee fails to agree in writing satisfactory to Franchisor that the proposed transferee and all other persons described in Section 9, above, will satisfactorily complete the initial training program of Franchisor as promptly as possible but in any event within thirty (30) days of such transfer and that failure to do so to Franchisor's satisfaction will constitute good cause for termination (the transferee must pay Franchisor for each attendee the then current standard fee of Franchisor applicable to additional enrollees of other franchise owners); or

(vii) The proposed transaction involves the grant or imposition of any lien, pledge, encumbrance, mortgage or security interest with respect to the Franchise Agreement; or

(viii) The transferee, at its expense, shall upgrade the Restaurant to conform to the then-current standards and specifications of new franchise owners and shall complete the upgrading and other requirements within the time specified by Franchisor; or

(ix) Franchise Owner and all others described in Section 16(c), below, shall agree to remain obligated under the covenants against competition of this Agreement and the related agreements as if this Agreement had been terminated on the date of the transfer; or

(x) Franchise Owner, at the time of the making of any application to Franchisor for consent to an assignment, fails to pay to Franchisor the sum of Five Thousand Dollars (\$5,000.00) plus attorney fees for all fees incurred by Franchisor for the transfer to reimburse Franchisor for its expenses relating thereto; provided, however, that no such payment need be made in connection with any transfer pursuant to subsection (d), below; or

(xi) Any other reasonable conditions imposed by Franchisor on its consent to the transfer are not fully and timely satisfied.

(d) Assignment to a Controlled Corporation. Franchise Owner, if a natural person, may assign this Agreement to a corporation formed for the sole purpose of operating the Restaurant if Franchise Owner owns at least sixty-six and two-thirds percent (66-2/3%) of each of the voting stock and economic interests of such corporation and if the following conditions are met:

(i) Franchise Owner is, and, after giving effect to the transfer, the transferee corporation will be, in compliance with this Agreement and all related obligations;

(ii) Franchise Owner remains personally liable in all respects under this Agreement;

(iii) All stockholders of the corporation guarantee, in writing satisfactory to Franchisor, all obligations to Franchisor;

(iv) The corporation assumes all agreements, duties and obligations of Franchise Owner to Franchisor, in writing satisfactory to Franchisor; and

(v) All stock certificates bear the legend required under subsection (e), below.

(e) **Restriction on Stock.** In the event Franchise Owner or any proposed transferee is a corporation or partnership or similar entity, that entity and each stockholder or partner thereof shall (i) agree, in writing, not to assign, transfer, pledge, sell or otherwise convey all or part of his or her capital stock or partnership interest without the prior written consent of Franchisor and (ii) comply with all other requirements of Section 8(z), above. All partnership agreements shall contain provisions setting forth the foregoing transfer restrictions. All stock certificates shall have endorsed on them the legend set forth in Section 8(z), above.

(f) **Death or Incapacity of Franchise Owner.**

(i) In the event of the death or permanent incapacity of Franchise Owner or any person with an interest or beneficial interest in the Franchise, such person's interest in the Franchise must be disposed of within one hundred eighty (180) days of such death or incapacity in accordance with the following; otherwise Franchisor may terminate this Agreement upon written notice.

(ii) In the event of death, if, under controlling local law, such person's interest in the Franchise and this Agreement are distributable to members of his or her immediately family, limited to spouse and children and who otherwise would qualify as an assignee, then the attempted assignment to such family members by operation of law or will shall not be deemed in violation of this Agreement. Such heirs or legatees, however, must accept and satisfy the requirements imposed by Franchisor on prospective transferees, as described in subsection (c), above (other than the transfer fee, which shall be waived). Otherwise, in order for Franchise Owner's personal representative to sell or otherwise transfer the Franchise or any interest therein, all procedures and requirements described in this Section 15 must be followed and satisfied.

(iii) In the event of permanent incapacity, as determined by a Court of competent jurisdiction, the personal guardian or a member of such person's immediate family (spouse or children) may, if otherwise qualified as a transferee succeed to such person's interest herein. Such personal guardian or member of the immediate family must, however, accept and satisfy the requirements imposed by Franchisor on prospective transferees, as described in subsection (c), above (other than the transfer fee which shall be waived). Otherwise, in order for such person's personal guardian to sell or otherwise transfer the Franchise or any interest therein, all procedures and requirements described in this Section 15 must be followed.

16. Non-Competition; Confidentiality

(a) **Non-competition.** Franchise Owner acknowledges the uniqueness of the System and that Franchise Owner is acquiring and shall acquire from Franchisor valuable training and trade secrets, including but not limited to information regarding the operational, sales, promotional

and marketing methods and techniques of Franchisor and the System. Franchise Owner covenants that Franchise Owner shall not, during the term of this Agreement or any renewal or extension thereof, and for a continuous uninterrupted period of two (2) years after the expiration or termination of this Agreement (regardless of the cause of termination), either directly or indirectly, for itself or through, on behalf of or in conjunction with any other person, persons, partnership or corporation, own, operate, maintain, engage in, participate (as director, officer, manager, employee, consultant, representative, agent or otherwise) or have any interest in (i) during the term of this Agreement, or any renewal or extension thereof, any Competitive Business anywhere, and (ii) thereafter, any Competitive Business within the exclusive area granted by this Franchise Agreement. As used herein, "Competitive Business" shall mean any business that is the same or similar to or otherwise competes with the type of business that is the subject of this Franchise or that offers or grants franchises or licenses to others to operate any such business. If Franchise Owner or any obligated party fails to abide by the foregoing covenant following the expiration or termination of the Franchise Agreement, and Franchisor obtains enforcement thereof in a judicial or arbitration proceeding, Franchise Owner agrees that the foregoing covenant will continue to be binding for a period of time expiring two (2) years after the date of a legally binding order enforcing the foregoing covenant. If any court having jurisdiction to determine the enforceability or validity of this paragraph determines that any provision of this paragraph would be unenforceable or invalid as written, the definition of "Competitive Business" and the geographical, time and other restrictions shall be deemed modified only to the extent necessary to make such restrictions valid and enforceable.

(b) Confidentiality. Franchise Owner acknowledges that Franchisor is making the Manual and other information and materials regarding the System, including but not limited to information regarding the operational, sales, promotional and marketing methods and techniques of the Franchisor and the System, available to Franchise Owner only for the purpose of operating the Restaurant at the Location, that the Manual and other written materials are copyrighted and that the Manual, and other information and materials provided by Franchisor are valuable, proprietary and confidential and constitute trade secrets of Franchisor. Franchise Owner shall at all times, during and after termination or expiration of this Agreement, maintain the confidentiality of such Manual, information and materials. Except to the extent necessary to operate the Restaurant in accordance with and during the term of this Agreement or as otherwise expressly authorized in writing by an authorized officer of Franchisor, Franchise Owner shall not (and shall not permit anyone else to) at any time disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any person or source, or use in any way such Manual, information and materials. Franchise Owner acknowledges that the unauthorized use or disclosure of such confidential information will cause incalculable and irreparable injury to Franchisor. Franchise Owner shall cause each of its employees and all other third parties having access through Franchise Owner to such Manual, information and materials, to comply with the foregoing confidentiality obligations. The Manual, any other manual or materials designated for use with the System, and all confidential information shall at all times be deemed to be, and shall remain the sole property of Franchisor, and Franchise Owner shall acquire no rights, title or interest therein by virtue of its authorization pursuant to this Agreement to possess and use the same.

(c) Confidentiality and Non-Competition Agreement. Franchise Owner agrees to cause each of its shareholders, directors, officers and partners, the Manager and any other persons

designated from time to time by Franchisor, to enter into a Confidentiality and Non-Competition Agreement in the form of Exhibit C attached. Franchise Owner shall deliver a duplicate original of each such agreement to Franchisor upon execution thereof and shall cause each of such persons to comply with such agreements. If Franchise Owner has reason to believe that any such person has violated the provisions of the Confidentiality and Non-Competition Agreement, Franchise Owner shall notify Franchisor and shall cooperate with Franchisor to protect Franchisor against such violation, including, but not limited to, the prosecution of any lawsuits if, in the judgment of Franchisor's counsel, such action is necessary or advisable.

(d) Hiring. Franchise Owner covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchise Owner shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person, persons or legal entity, employ or seek to employ any person who is at that time employed by Franchisor or by any other franchisee or affiliate of Franchisor, or otherwise directly or indirectly induce such person to leave his or her employment.

17. Notices

All notices and other communication to be given hereunder shall be in writing and shall be personally delivered or mailed, postage prepaid, by certified, registered or express mail, return receipt requested, or by overnight delivery service addressed as follows:

If to Franchisor: Snappy Tomato Pizza Company
6111 Burgundy Hill Drive
Burlington, Kentucky 41005
Attn: Timothy Gayhart

If to Franchise Owner: _____

Attn: _____

or at such other address as Franchisor or Franchise Owner shall have specified by notice to the other party hereunder.

18. Jurisdiction and Venue

FRANCHISE OWNER AGREES THAT ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY COURT(S) OF THE COMMONWEALTH OF KENTUCKY, OR OF THE UNITED STATES OF AMERICA FOR THE EASTERN DISTRICT OF KENTUCKY, AND FRANCHISE OWNER HEREBY ACCEPTS, GENERALLY, IRREVOCABLY AND UNCONDITIONALLY, THE JURISDICTION OF ANY SUCH COURT, AND CONSENTS THAT ANY SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL DIRECTED TO FRANCHISE OWNER AT

THE ADDRESS SET FORTH HEREIN FOR NOTICES, AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED TEN (10) BUSINESS DAYS AFTER THE SAME HAS BEEN DEPOSITED IN U.S. MAILS, POSTAGE PREPAID. FRANCHISE OWNER WAIVES ANY OBJECTION BASED ON FORUM *NON CONVENIENS* AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY SUCH JURISDICTION. NOTHING HEREIN CONTAINED SHALL AFFECT THE RIGHT OF FRANCHISOR TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS, ENFORCE ANY JUDGEMENT OR OTHERWISE PROCEED AGAINST ANY FRANCHISE OWNER OR ANY PROPERTY OF ANY FRANCHISE OWNER IN ANY OTHER JURISDICTION.

19. Arbitration

Upon demand of either party, any controversy between the parties or claim by one party against the other arising out of or relating to this Agreement or a breach of this Agreement, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in a Court. Any such arbitration shall occur in Kenton County, Kentucky. The arbitrators may award reasonable attorney fees and costs to the prevailing party in any matter submitted to arbitration.

If a question shall arise as to whether a dispute is governed by this clause, the determination of whether this clause applies to the disputed issue shall be determined by the Arbitrators in accordance with the rules of the American Arbitration Association, and the arbitration ruling shall be binding on all parties.

Each party shall select one arbitrator, and the two so designated shall select a third arbitrator. If either party shall fail to designate an arbitrator within ten (10) days after arbitration is requested, or if the two arbitrators shall fail to select a third arbitrator within thirty (30) days after arbitration is requested, then an arbitrator shall be selected by the American Arbitration Association upon application of either party. Arbitration proceedings shall be conducted in accordance with the rules then prevailing of the American Arbitration Association. Judgment upon an award of the majority of the arbitrators shall be binding, and shall be entered in a Court of competent jurisdiction.

20. Governing Law

This Agreement shall be deemed to have been made and entered into in the Commonwealth of Kentucky and all rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. In the event of any conflict of any clause in this Agreement with any mandatory applicable provisions of the laws of the State wherein the Restaurant is located, such clause shall be considered modified to the extent, and only to the extent, necessary to conform with such mandatory provisions of that State's laws.

21. Remedies Cumulative; Waiver; Consent

(a) Remedies Cumulative. All rights and remedies of Franchisor and of Franchise Owner enumerated in this Agreement shall be cumulative and, except as specifically contemplated otherwise by this Agreement, none shall exclude any other right or remedy allowed at law or in equity and said rights or remedies may be exercised and enforced concurrently.

(b) Waiver. Franchisor makes no warranties or guarantees upon which Franchise Owner may rely, and assumes no liability or obligation whatsoever to Franchise Owner, by providing any waiver, approval, consent or suggestion to Franchise Owner in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefore. Any waiver granted by Franchisor shall be subject to Franchisor's continuing review, may subsequently be revoked for any reason effective upon Franchise Owner's receipt of ten (10) days' prior written notice, and shall be without prejudice to any other rights Franchisor may have. No delay or omission on the part of Franchisor to exercise any right or power under this Agreement will impair any such right or power or be considered a waiver of any such right or power or a waiver of any Default or any acquiescence therein, nor will the action or non-action of Franchisor in case of Default impair any right or power arising as a result thereof or affect any subsequent default or any other default of the same or a different nature. No acceptance of payments hereunder will constitute a waiver of any preceding breach or preclude Franchisor from thereafter declaring such breach to be a Default. No modification or waiver of any provisions of this Agreement or any of the related documents, nor consent to any departure by any person or entity therefrom, will be established by conduct, custom or course of dealing; and no modification, waiver or consent will in any event be effective unless the same is in writing and specifically refers to this Agreement, and then such waiver or consent will be effective only in the specific instance and for the purpose for which given. No notice to or demand on Franchise Owner in any case will entitle Franchise Owner to any other or further notice or demand in the same, similar or other circumstance. Unless otherwise agreed in writing by Franchisor, the liability of any Franchise Owner or any of the guarantors will not be affected by any surrender, exchange, acceptance or release by Franchisor of any other party or other person or any other guarantee or any security held by Franchisor for this Agreement.

(c) Waiver of Punitive/Exemplary Damages. Franchisor and Franchise Owner hereby waive to the fullest extent permitted by law, any right or claim to any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained, whether in arbitration or in any other forum.

(d) Attorney Fees. If either party institutes any legal or equitable action against the other party to secure or protect its rights under or to enforce the terms of this Agreement, in addition to any judgment entered in the prevailing party's favor, the prevailing party shall be entitled to recover such reasonable attorneys' fees and costs as the prevailing party may have incurred together with its costs and expenses of litigation.

22. Specific Enforcement and Injunctive Relief

The Franchise Owner recognizes that the failure of Franchise Owner to comply with various provisions of this Agreement (including, without limitation, Sections 7 and 16) could cause

irreparable damage to Franchisor and the System in a manner that could not reasonably or adequately be compensated by monetary damages in an action at law. Therefore, in addition to any other remedy provided by law or equity for breach of this Agreement by Franchise Owner, in the event of a breach or threatened breach by the Franchise Owner of any of the covenants or provisions of this agreement, Franchisor shall be entitled, without the posting of any bond or security, to apply for an order enjoining any such breach or threatened breach or orders of specific performance enforcing the provisions of this Agreement, to obtain an immediate injunction for the appointment of a receiver for Franchise Owner's business in order to enforce such provisions to prevent or terminate any existing or threatened violation or default on the part of Franchise Owner, or if the Agreement has been terminated, the Franchise Owner may be enjoined from any continued operation of the Restaurant, or any other operation in violation of this Agreement.

23. **Severability.** Except as expressly provided to the contrary herein, each provision of this Agreement shall be considered severable and the invalidity of unenforceability of any part of this Agreement shall not affect the balance of this Agreement.

24. **Entire Agreement**

This Agreement and the documents and Exhibits referred to herein constitute the entire agreement between Franchisor and Franchise Owner in respect of the subject matter hereof, and supersede all prior agreements between Franchisor and Franchise Owner in connection with the subject matter of this Agreement. The parties agree that there are no representations, inducements, promises or agreements, either oral or otherwise, between the parties not embodied or incorporated in this Agreement which are of any force or effect with reference to this Agreement or otherwise. Except for those permitted to be made unilaterally by Franchisor (including but not limited to changes in the Manual, the System and/or the Marks), no change, termination, amendment or variance from this Agreement shall be binding upon Franchisor or Franchise Owner unless in writing and signed by Franchisor and Franchise Owner.

25. **Counterparts; Paragraph Headings; Pronouns**

(a) This Agreement may be executed in any number of counterparts, which of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(b) The paragraph headings in this Agreement are for the convenience of reference only and shall not be deemed to affect the meaning or construction of any provision hereof.

(c) All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable; and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by Franchise Owner shall be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Franchise Owner.

26. Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of Franchisor, Franchise Owner and their respective successors and assigns (subject to Section 15, above).

27. Application of Payments

All payments received by Franchisor from Franchise Owner may be applied by Franchisor to Franchise Owner's obligations to Franchisor in such order and manner as Franchisor determines in its sole discretion.

28. No Third Party Beneficiaries

Nothing express or implied herein is intended or shall be construed to confer upon or give any person, firm or corporation, other than the parties hereto, any right or remedy hereunder or by reason hereof.

29. Acknowledgments.

Franchise Owner acknowledges that:

(i) It has conducted an independent investigation and financial assessment of the business contemplated by this Agreement and the market in which the business is located and recognizes that it involves business risks making the success of the venture largely dependent upon the business abilities of Franchise Owner as well as other variables.

(ii) It has no knowledge of any representations by Franchisor, or its officers, directors, shareholders, employees, agents or servants, about the business contemplated by this Agreement, that are contrary to the terms of this Agreement or the documents incorporated herein, and further represents to Franchisor, as an inducement to Franchisor's entry into this Agreement, that Franchise Owner has made no misrepresentations in applying for or obtaining this Agreement.

(iii) It has read this Agreement, the attachments hereto, the Manual and Franchisor's Uniform Franchise Offering Circular in their entirety and it has been given the opportunity to clarify any provision and information that it did not understand and to consult with its own attorney or other professional advisor about the potential benefits and risks of entering into this Agreement.

30. Effective Date.

This Agreement shall be effective as of the date it is executed by Franchisor.

31. Telephone Number. Franchise Owner acknowledges that Franchisor has the sole rights to and interest in all telephone numbers and directory listings related to any Mark and the Restaurant. Franchisor Owner shall notify the telephone company and all listing agencies of the termination or expiration of Franchise Owner's right to use all telephone numbers and all classified

and other directory listings relating to the Restaurant and to authorize transfer of these to Franchisor or its designee. Franchise Owner authorizes Franchisor to direct the telephone company and all listing agencies to transfer all telephone numbers and directory listings to Franchisor or designee and if Franchise Owner fails or refuses to do so, the telephone company and all listing agencies may accept Franchisor's direction as evidence of its exclusive rights in the telephone numbers and directory listings and its authority to direct the transfer.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement.

Franchisor:

SNAPPY TOMATO PIZZA COMPANY

By: _____

Print Name: _____

Print Title: _____

Date: _____, 20__

Franchise Owner (if a corporation or Partnership):

By: _____

Print Name: _____

Print Title: _____

Date: _____, 20__

Franchise Owner (if an individual, or proprietorship):

Signature

Print Name: _____

Date: _____, 20__

Exhibit A

LOCATION OF FRANCHISE; RESTAURANT RADIUS; OPENING DATE

Location of Franchise: _____

Restaurant Radius: _____

Opening Date: _____, 202____

Exhibit B

GUARANTEE

In consideration of and as an inducement to the execution by **SNAPPY TOMATO PIZZA COMPANY** (the "Franchisor") of a Franchise Agreement dated _____ with _____, jointly and severally, (the "Franchise Owner") relating to the operation of a restaurant doing business under the Marks and System described therein (as amended, modified, supplemented, renewed or extended from time to time "Franchise Agreement"), and other good and valuable consideration, the receipt of which is acknowledged, the undersigned _____ (the "Guarantor") hereby guarantees Franchisor the prompt payment and performance of the following (collectively, the "Obligations"): each and all of the liabilities, debts, terms, covenants, agreements, obligations and conditions, now existing or hereafter arising, to be paid, performed or observed by Franchise Owner under the Franchise Agreement.

1. Nature of Guarantee, Waivers. This is a guarantee of payment and performance and not of collection. This is an absolute, unconditional, irrevocable and continuing guarantee and will remain in full force and effect until all Obligations relating to the Franchise Agreement have been fully paid, performed and terminated finally and irrevocably and this Guarantee terminated in writing by Franchisor. The death of Guarantor shall not affect the termination of this Guarantee. This Guarantee will extend to and cover any and all amendments, supplements, substitutions, extensions and renewals of the Obligations and will not be affected by any other guarantee or any security held by it for any of the Obligations or by Franchisor's failure to take any steps to perfect or maintain any lien or security interest in or to preserve any of its rights to any guarantee, security or other collateral for any of the Obligations, by any delay or omission in exercising any right, remedy or power with respect to any of the Obligations or any guarantee or collateral therefore, or by any irregularity, unenforceability or invalidity of any of the Obligations or any security or guarantee therefore. Notice of acceptance of this guarantee, notice of extensions of credit to Franchise Owner from time to time, notice of default, diligence, presentment, protest, demand for payment, notice of demand or protest, and any defense based upon a failure of Franchisor to comply with the notice requirements of the applicable version of Uniform Commercial Code Section 9-504 are hereby waived. Franchisor at any time and from time to time, without the consent of or notice to Guarantor, and without impairing, releasing, discharging or modifying the liabilities of Guarantor hereunder, may (a) change the manner, amount, place or terms of payment or performance of or interest rates on, or change or extend the time of payment of, or other terms relating to any of the Obligations, (b) renew, substitute, modify, amend or alter, or grant consents or waivers relating to any of the Obligations, any other guarantee or any security for any of the Obligations or guarantees, (c) apply any and all payments by whomever paid or however realized, including any proceeds of any collateral, to any of the Obligations in such order, manner and amount as Franchisor may determine in its sole discretion, (d) deal with any person in respect of the Obligations in such manner as Franchisor deems appropriate in its sole discretion, (e) release or substitute any obligor, security or guarantee and/or (f) dispose of any collateral securing the Obligations in any manner, whether commercially reasonable or unreasonable. Irrespective of the taking or refraining from the taking of any such action, and irrespective of any assignment of the Franchise Agreement or other obligations, the Obligations of Guarantor shall remain in full force and effect. Franchisor in its sole discretion may determine the reasonableness of the period which may elapse prior to the making of demand for any payment or performance upon Franchise Owner

and it need not pursue any of its remedies against Franchise Owner, any other person or any collateral before having recourse against Guarantor under this guarantee. Guarantor waives permanently any and all rights of subrogation, reimbursement or indemnity whatsoever, and any and all right of recourse to security, whether against Franchise Owner or any other guarantor, obligor or other person, or under or out of the property of Franchise Owner or otherwise, for the Obligations. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature that Guarantor has or may have against Franchise Owner, or that Franchise Owner or Guarantor may have against Franchisor (other than the defense of indefeasible payment and performance in full) will be available hereunder to Guarantor against Franchisor.

2. Repayments or Recovery. If any demand is made at any time upon Franchisor for the repayment or recovery of any amount or amounts received by it in payment or on account of any of the Obligations, and if Franchisor repays all or any part of such amount or amounts by reason of any judgment, decree or order of any court or administrative body or by reason of any settlement or compromise of any such demand, Guarantor will be and remain liable hereunder for the amount or amounts so repaid or recovered to the same extent as if such amount or amounts had never been received originally by Franchisor. The provisions of this section will be and remain effective, or be reinstated, notwithstanding any contrary action which may have been taken by Guarantor in reliance upon such payment, and any such contrary action so taken will be without prejudice to Franchisor's rights under this Guarantee and will be deemed to have been conditioned upon such payment having become final and irrevocable.

3. Bankruptcy, Etc. It is specifically understood that any modification, limitation or discharge of the Obligations arising out of or by virtue of any bankruptcy, reorganization or similar proceeding for relief of debtors under federal or state law will not affect, modify, limit or discharge the liability of Guarantor in any manner whatsoever and this Guarantee will remain and continue in full force and effect and will be enforceable against Guarantor to the same extent and with the same force and effect as if any such proceeding had not been instituted. Guarantor waives all rights and benefits which might accrue to Guarantor by reason of any such proceeding and will be liable to the full extent hereunder, irrespective of any modification, limitation or discharge by the liability of the Franchisee or any other person that may result from any such proceeding.

4. Defaults. Upon any default or event of default under any of the Obligations, Guarantor will pay or perform all Obligations. The death of the undersigned also will be deemed to constitute a default or event of default under the Obligations. All obligations due or to become due under this Guarantee will be paid or performed by Guarantor to Franchisor without set-off, counterclaim, presentment, demand, protest or notice of any kind, which are hereby expressly waived.

5. Expenses. To the extent that Franchisor incurs any costs or expenses in protecting or enforcing its rights under this Guarantee, including but not limited to reasonable attorneys' fees and the costs and expenses of litigation, such costs and expenses will be due on demand, will be included in the Obligations and will bear interest from the incurring or payment thereof at the rate of twelve percent (12%) per annum.

6. General.

6.1 Notices. All notices, demands, requests, consents or approvals and other communications required or permitted hereunder will be in writing and will be conclusively deemed to have been received by a party hereto and to be effective if delivered personally to such party, or sent by telex, telecopy (followed by written confirmation) or other telegraphic means, or by overnight courier service, or by certified or registered mail, return receipt requested, postage prepaid, addressed to such party at the address set forth below or to such other address as any party may give to the other in writing for such purpose:

To Franchisor: Snappy Tomato Pizza Company
 6111 Burgundy Hill Drive
 Burlington, Kentucky 41005

To Guarantor: _____

All such communications, if personally delivered, will be conclusively deemed to have been received by a party hereto and to be effective when so delivered, or if sent by telex, telecopy or telegraphic means, on the day on which transmitted, or if sent by overnight courier service, on the day after deposit thereof with such service, or if sent by certified or registered mail, on the third business day after the day on which deposited in the mail.

6.2 Remedies Cumulative, Etc. The terms of this Guarantee may be forced as to any one or more breaches either separately, successively, concurrently, independently or cumulatively from time to time and as often and in such order as Franchisor may deem expedient, and no single or partial exercise of any right or remedy shall preclude any further exercise thereof. No right or remedy herein conferred upon or reserved to Franchisor hereunder is intended to be exclusive of any other available right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given under this Guarantee or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, remedy or power accruing upon any default, omission or failure of performance hereunder or under any of the Obligations shall impair any such right, remedy or power or shall be construed to be a waiver thereof or an acquiescence therein, nor shall it affect any subsequent default of the same or a different nature. In the event any provisions contained in this Guarantee should be breached by the undersigned and thereafter duly waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other or future breach hereunder.

6.3 Modifications. No modification or waiver of any provision of this Guarantee, nor consent to any departure by Guarantor therefrom, will in any event be effective unless the same is in writing and specifically refers to this Guarantee, and then such waiver or consent will be effective only in the specific instance and for the purpose for which given. No notice to or demand on Guarantor in any case will entitle Guarantor to any other or further notice or demand in the same, similar or other circumstance. No modification or waiver of any provision of this Guarantee, nor consent to any departure by Guarantor therefrom, will be established by conduct, custom or course of dealing.

6.4 Binding Effect, Assignability. This Guarantee will be binding upon the undersigned and the heirs, executors, successors and assigns thereof, and inure to the benefit of Franchisor and its successors and assigns. If any or all of the Obligations are assigned by Franchisor, this Guarantee will inure to the benefit of Franchisor's assignee, and to the benefit of any subsequent assignee, to the extent of the assignment or assignments; provided that no assignment will operate to relieve the undersigned from any duty to Franchisor hereunder with respect to any unassigned portion of the Obligations.

6.5 Validity. Any provisions of this Guarantee which are held to be invalid or unenforceable by any court will not affect the validity or enforceability of any other provision thereof or hereof.

6.6 Gender, Etc. Whenever used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders. If more than one person or entity signs this Guarantee, all references to "Guarantor" herein shall mean such signatories jointly and severally and all Guarantor covenants and obligations under the Guarantee shall be joint and several.

6.7 Headings. The headings in this Guarantee are for convenience only and will not limit or otherwise affect any of the terms hereof.

6.8 Governing Law. This Guarantee will be governed by and construed in accordance with the laws of the Commonwealth of Kentucky. For purposes of any required compliance with KRS 371-065, the stated maximum aggregate liability of Guarantor under this Guarantee is \$100,000,000.00 and the stated termination date is January 1, 2075.

6.9 Jurisdiction and Venue. GUARANTOR AGREES THAT ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTEE MAY BE BROUGHT IN ANY COURT(S) OF THE COMMONWEALTH OF KENTUCKY, OR OF THE UNITED STATES OF AMERICA FOR THE EASTERN DISTRICT OF KENTUCKY, AND GUARANTOR HEREBY ACCEPTS, GENERALLY, IRREVOCABLY AND UNCONDITIONALLY, THE JURISDICTION OF ANY SUCH COURT AND CONSENTS THAT ANY SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, DIRECTED TO GUARANTOR AT THE ADDRESS SET FORTH HEREIN, FOR NOTICES AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED TEN (10) BUSINESS DAYS AFTER THE SAME HAS BEEN DEPOSITED IN U.S. MAIL, POSTAGE PREPAID. GUARANTOR WAIVES ANY OBJECTION BASED ON *FORUM NON CONVENIENS* AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY SUCH JURISDICTION. NOTHING HEREIN CONTAINED SHALL AFFECT THE RIGHT OF FRANCHISOR TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS, ENFORCE ANY JUDGMENT OR OTHERWISE PROCEED AGAINST ANY GUARANTOR, OR ANY PROPERTY OF ANY GUARANTOR IN ANY OTHER JURISDICTION.

Signed at _____, on _____.

WITNESS:

(Signature)

Print Name: _____

(Signature)

Print Name: _____

Date: _____

STATE OF _____)
)
COUNTY OF _____) SS:

Sworn to before me and subscribed in my presence this _____ day of _____, 20____, by _____ who acknowledged the signing of the foregoing Guarantee to be his or her voluntary act and deed.

Notary Public

My Commission Expires: _____

Exhibit C

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

AGREEMENT made this _____ day of _____, 20____, by _____ ("Affiliate") of _____ ("Franchise Owner") and Snappy Tomato Pizza Company ("Franchisor"). Capitalized terms used herein and not otherwise defined herein have the meanings given such terms in the Franchise Agreement (as defined in Section 1, below).

1. The Affiliate acknowledges that Franchise Owner has entered into a Franchise Agreement (as the same may be amended, renewed, extended, supplemented or substituted, the "Franchise Agreement") with Franchisor dated _____, 20____, whereby Franchise Owner obtained the right to operate a Restaurant doing business under the Marks in accordance with the System developed by Franchisor (the "Franchise") and that the Affiliate is required by the Franchise Agreement to enter into this Agreement.

2. (a) The Affiliate acknowledges the uniqueness of the System and that certain valuable information and materials concerning the development and operation of the Franchise and the System (including, but not limited to, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System, and the products and services identified by the Marks) may be made available to the Affiliate (collectively, the "Materials"), including but not limited to the Manual and other information, standards, specifications, know-how and written materials, that such information and materials are proprietary and confidential and constitute trade secrets of Franchisor, that such Materials at all times remain the sole property of Franchisor and that any such written Materials are copyrighted.

(b) The Affiliate shall at all times during and after the termination or expiration of the Franchise Agreement, maintain the confidentiality of such Materials. Except to the extent necessary to carry out the Affiliate's duties in the operation of the Franchise in accordance with the Franchise Agreement or as otherwise expressly authorized in writing by an authorized officer of Franchisor, the Affiliate shall not at any time disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available to any person or source, or use in any way, such Materials.

3. (a) The Affiliate covenants that the Affiliate will not, during the term of the Franchise Agreement or any renewal or extension thereof, and for a continuous uninterrupted period of two (2) years thereafter (regardless of the cause of termination), either directly or indirectly, for himself, herself, itself or through, on behalf of or in conjunction with any other person, persons, partnership or corporation, own, operate, maintain, engage in, participate (as director, officer, manager, employee, consultant, representative, agent or otherwise) or have any interest in (a) during the term of the Franchise Agreement, and any extension or renewal thereof, any Competitive Business (as defined below) anywhere and (b) thereafter, any Competitive Business within the exclusive area granted by the Franchise Agreement.

(b) If the Affiliate fails to abide by the foregoing covenant following the expiration or termination of the Franchise Agreement, and Franchisor or Franchise Owner obtains

enforcement thereof in a judicial or arbitration proceeding, the Affiliate agrees that the foregoing covenant will continue to be binding for a period of time expiring two (2) years after the date of a legally binding order enforcing the foregoing covenant.

(c) As used herein, "Competitive Business" shall mean any business that is the same or similar to or otherwise competes with the type of business that is the subject of the Franchise or that offers or grants franchises or licenses others to operate any such business.

4. The Affiliate recognizes that the failure of the Affiliate to comply with this Agreement could cause irreparable damage to Franchisor in a manner that could not reasonably or adequately be compensated by monetary damages in an action at law. Therefore, in addition to any other remedy provided by law or equity for breach of this Agreement by the Affiliate, in the event of a breach or threatened breach by the Affiliate of this Agreement, Franchisor will be entitled, without the posting of any bond or security, to apply for an order enjoining any such breach or threatened breach or order of specific performance enforcing the provisions of this Agreement, and to prevent or terminate any existing or threatened violation or default on the part of the Affiliate.

5. This Agreement will be binding upon the Affiliate and the Affiliate's heirs, assignees, executors, administrators and legal representatives and shall inure to the benefit of Franchisor and Franchise Owner, jointly and severally, and their respective successors and assigns.

6. This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Kentucky.

7. If more than one person or entity signs this Agreement, all references herein to "Affiliate" mean such signatories jointly and severally and all Affiliate covenants herein shall be joint and several.

8. The invalidity or unenforceability of any part of this Agreement shall not affect the balance of this Agreement. If any court having jurisdiction to determine the validity or enforceability of paragraph 3 of this Agreement determines that it would be unenforceable or invalid as written, the definition of "Competitive Business" and the geographical, time and other restrictions shall be deemed modified only to the extent necessary to make such restrictions valid and enforceable.

9. THE AFFILIATE AGREES THAT ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN ANY COURT(S) OF THE COMMONWEALTH OF KENTUCKY, OR OF THE UNITED STATES OF AMERICA FOR THE EASTERN DISTRICT OF KENTUCKY, AND THE AFFILIATE HEREBY ACCEPTS, GENERALLY, IRREVOCABLY AND UNCONDITIONALLY, THE JURISDICTION OF ANY SUCH COURT AND CONSENTS THAT ANY SERVICE OF PROCESS MAY BE MADE BY CERTIFIED MAIL, DIRECTED TO THE AFFILIATE AT THE ADDRESS SET FORTH HEREIN, FOR NOTICES AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED TEN (10) BUSINESS DAYS AFTER THE SAME HAS BEEN DEPOSITED IN U.S. MAIL, POSTAGE PREPAID. THE AFFILIATE WAIVES ANY OBJECTION BASED ON *FORUM NON CONVENIENS* AND ANY OBJECTION TO VENUE OF ANY ACTION INSTITUTED HEREUNDER IN ANY SUCH JURISDICTION. NOTHING HEREIN

CONTAINED SHALL AFFECT THE RIGHT OF FRANCHISOR TO SERVICE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS, ENFORCE ANY JUDGMENT OR OTHERWISE PROCEED AGAINST THE AFFILIATE OR ANY PROPERTY OF THE AFFILIATE IN ANY OTHER JURISDICTION.

Dated: _____, 20__.

(Signature) _____

Print Name: _____

(Signature) _____

Print Name: _____

EXHIBIT B

Current Franchises

Store	Address	Phone	Owner
ALEXANDRIA	8248 Alexandria Pike, Alexandria, KY 41001	(859) 635-8818	Andy Ritter
BRIGHT	2005 Jamison Drive, Lawrenceburg, IN 47025	(812) 637-9400	Nick Roberts
BROOKSVILLE	201 W. Miami St., Brooksville, KY 41004	(606) 735-3700	Billy Berry
BROWNSTOWN	201 South Main St. Suite B, Brownstown, IN 47220	(812) 358-8225	Josh Holt
BURLINGTON	6111 Burgundy Hill Dr., Burlington, KY 41005	(859) 586-9090	Tim Gayhart
CARROLLTON	1411 Highland Avenue, Carrollton, KY 41008	(502) 732-0122	Jay Adams
CLOVIS	2023 N Prince St, Clovis, 3NM 88101	(575) 935-7700	Moneek Alvarado
COLD SPRING	4140 Alexandria Pike, Cold Springs, KY 41076	(859) 781-6633	Ryan Crowell
COLUMBUS	2353 Beam Road, Columbus, IN 47203	(812) 372-2300	Josh Holt
CORBIN	500 Master Street, Corbin, KY 40701	(606) 526-9300	Wade Jenkins
CYNTHIANA	219 Suite 9 Walnut St., Cynthiana, KY 41031	(859) 235-7627	Mike Gayhart
DENT	7074 Harrison Ave., Dent, OH 45247	(513) 323-0084	Mike Cigolotti
DRY RIDGE	118 School Rd Unit 9, Dry Ridge, KY 41035	(859) 824-7627	Tim Gayhart
EAST TOWN	5908 Washington Pike, Knoxville, TN 37918	(865) 474-1909	Simeon Kross
EDINBURGH	12181 N. Executive Drive Suite 1, Edinburg, IN 46124	(812) 526-0101	Josh Holt
EMINENCE	4863 North Main St., Eminence, KY 40019	(502) 845-4455	Bobby Welch
ERLANGER	643 Stevenson Rd, Erlanger, KY 41018	(859) 727-2600	Kevin Flaherty
FALMOUTH	1300 Ridgeway Avenue Unit B, Falmouth, KY 41040	(859) 654-1400	Brad Faulkner
FLORENCE	8450 US 42, Florence, KY 41042	(859) 525-7627	Kevin Flaherty
FT THOMAS	1177 S. Fort Thomas Avenue, Fort Thomas, KY 41075	(859) 441-5805	Ryan Crowell
FT WRIGHT	485 Orphanage Road, Ft. Wright, KY 41011	(859) 426-9900	Kevin Wolfe
GREENSBURG	106 West Court Street, Greensburg, KY 42743	(270) 932-2020	Blake Gordon
HARDIN VALLEY	10612 Hardin Valley Road, Knoxville, TN 37932	(865) 769-1300	Jen Steward
Independence	1996 Declaration Drive, Independence, KY 41051	(859) 363-8000	Josh Starns
JACKSON	1187 Vann Drive, Jackson, TN 38305	(731) 300-0285	Dale Brown
LAGRANGE	1407 E Crystal Dr, LaGrange, KY 40031	(502) 260-3200	Jay Adams
LAWRENCEBURG	401 W Eads Parkway, LAWRENCEBURG, IN 47025	(812) 260-1260	Tim Gayhart
MAYFIELD	1106 Paris Road, Mayfield, KY 42066	(270) 251-9513	Regina Williams
NEW RICHMOND	1041 Old US 52, New Richmond, OH 45157	(513) 553-3300	Kevin Wolfe
OWENTON	426 Roland Ave. Unit B, Owenton, KY 40359	(502) 484-4450	Dave Piper
RICHMOND	610 Big Hill Ave Suite 4, Richmond, KY 40475	(859) 624-3373	Shawn Monhollen
RICHWOOD	311 Richwood Road, Walton, KY 41094	(859) 485-9570	Tim Gayhart
RISING SUN	624 High Street, Rising Sun, IN 47040	(812) 438-3200	Tim Gayhart
SEAMAN	125 Stern Drive, Seaman, OH 45679	(937) 386-1010	Dave McFarland
SEYMOUR	11503 Chapman Hwy, Seymour, TN 37865	(865) 579-2525	Simeon Kross
SOMERSET	113 Tradepark Dr., Somerset, KY 42501	(606) 678-9070	Morgan Keith
SPRINGFIELD	111 East Main Street, Springfield, KY 40069	(859) 336-9888	Chris Essex
TAYLORSVILLE	793-A Taylorsville Road, Taylorsville, KY 40071	(502) 477-8300	Darren Lambdin
UNION CITY	705 E Reelfoot Ave, Union City, TN 38261	(731) 885-7627	Richard Moran
VILLA HILLS	2805 Amsterdam Rd, Villa Hills, KY 41017	(859) 900-1900	Tim Gayhart
WALTON	3 North Main Street, Walton, KY 41094	(859) 485-6050	Joe Lindsay
WARSAW	310 E. Main Street, Warsaw, KY 41095	(859) 567-1177	Bobby Welch
WEST UNION	112 Mulberry, West Union, OH 45693	(937) 544-5583	Tammy Young

EXHIBIT C

Terminated, Non-Renewed Franchises Or Left The System For Other Reasons

Year: 2023		
Store	Address	Name
In 2023 there were 0 stores that were either Non-Renewed or Left the System for other reasons.		

EXHIBIT D
Financial Statements

See attached.

SNAPPY TOMATO PIZZA COMPANY
FINANCIAL STATEMENTS
As of and for the Years Ended
December 31, 2024 and December 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Shareholder
Snappy Tomato Pizza Company
Burlington, Kentucky

Opinion

We have audited the accompanying financial statements of Snappy Tomato Pizza Company (the "Company") (a Kentucky corporation), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Snappy Tomato Pizza Company as of December 31, 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 the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Snappy Tomato Pizza 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Rudler, PSC

Fort Wright, Kentucky
April 15, 2025

SNAPPY TOMATO PIZZA COMPANY**BALANCE SHEETS**

December 31, 2024 and December 31, 2023

	December 31, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 141,452	\$ 535,760
Accounts receivable	161,547	180,990
Inventories	14,664	7,061
Note receivable - related party, due within one year	200,000	100,000
Prepaid income tax	87,747	0
Total Current Assets	605,410	823,811
PROPERTY AND EQUIPMENT		
Leasehold improvements	331,422	93,260
Furniture, fixtures and equipment	209,579	105,279
Transportation equipment	190,518	190,518
	731,519	389,057
Less: Accumulated depreciation	284,194	258,561
Property and Equipment, Net	447,325	130,496
OPERATING LEASE RIGHT-OF-USE ASSETS	284,375	304,161
OTHER ASSETS		
Notes receivable - related party	449,717	333,890
Accrued interest - related party	45,045	0
Intangible assets, net	233,437	233,437
Equipment held for sale	19,232	0
Security deposit	14,476	3,634
Total Other Assets	761,907	570,961
TOTAL ASSETS	<u>\$ 2,099,017</u>	<u>\$ 1,829,429</u>

The accompanying notes are an integral part of this statement.

SNAPPY TOMATO PIZZA COMPANY

BALANCE SHEETS (Continued)

December 31, 2024 and December 31, 2023

	December 31, 2024	December 31, 2023
LIABILITIES AND SHAREHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 76,257	\$ 39,400
Accrued advertising	4,387	79,630
Accrued other expenses	68,103	81,608
Current operating lease liabilities	75,296	76,023
Federal and state income tax payable	0	88,773
Line of credit	50,000	0
Deferred income tax	86,326	0
Total Current Liabilities	360,369	365,434
LONG-TERM LIABILITIES		
Long-term operating lease liabilities	231,587	235,406
Total Long-Term Liabilities	231,587	235,406
Total Liabilities	591,956	600,840
SHAREHOLDER'S EQUITY		
Common stock - no par value; 1,000 shares authorized and issued; outstanding 84 shares at December 31, 2024 and December 31, 2023	0	0
Retained earnings	2,118,490	1,840,018
	2,118,490	1,840,018
Less: treasury stock - at cost- 16 shares at December 31, 2024 and December 31, 2023	611,429	611,429
Total Shareholder's Equity	1,507,061	1,228,589
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$ 2,099,017	\$ 1,829,429

The accompanying notes are an integral part of this statement.

SNAPPY TOMATO PIZZA COMPANY**STATEMENTS OF OPERATIONS AND RETAINED EARNINGS**

For the years ended December 31, 2024 and December 31, 2023

	December 31, 2024	December 31, 2023
REVENUES		
Restaurant	\$ 870,668	\$ 676,657
Rebate	223,861	327,972
Franchise income	1,538,418	1,487,928
Total Revenues	2,632,947	2,492,557
OPERATING EXPENSES		
Restaurant	993,307	595,496
General and administrative	1,269,971	1,258,041
Depreciation and amortization	61,268	31,413
Total Operating Expenses	2,324,546	1,884,950
EARNINGS FROM OPERATIONS	308,401	607,607
OTHER INCOME (EXPENSE)		
Other income	13,451	4,945
Interest income	49,978	684
Interest expense	(704)	(407)
Total Other Income (Expense)	62,725	5,222
INCOME BEFORE INCOME TAXES	371,126	612,829
INCOME TAX EXPENSE (BENEFIT)	92,654	96,808
NET INCOME	278,472	516,021
RETAINED EARNINGS, BEGINNING OF YEAR	1,840,018	1,323,997
RETAINED EARNINGS, END OF YEAR	\$ 2,118,490	\$ 1,840,018

The accompanying notes are an integral part of this statement.

SNAPPY TOMATO PIZZA COMPANY**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2024 and December 31, 2023

	December 31, 2024	December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 278,472	\$ 516,021
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	61,268	31,413
Variable lease expense	15,240	7,268
Deferred income tax	86,326	7,500
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	19,443	(16,899)
(Increase) decrease in inventory	(7,603)	(242)
(Increase) decrease in prepaid income tax	(87,747)	535
(Increase) decrease in accrued interest - related party	(45,045)	0
(Increase) decrease in equipment held for sale	(19,232)	0
(Increase) decrease in security deposit	(10,842)	(3,634)
Increase (decrease) in federal and state income tax payable	(88,773)	88,773
Increase (decrease) in accounts payable	36,857	(41,457)
Increase (decrease) in accrued advertising	(75,243)	43,872
Increase (decrease) in accrued other expenses	(13,505)	6,011
Total adjustments	(128,856)	123,140
Net Cash Flows from Operating Activities	149,616	639,161
CASH FLOWS FROM INVESTING ACTIVITIES		
Issuance of note receivable related party	(215,827)	(235,448)
Purchases of property and equipment	(378,097)	(57,582)
Net Cash Flows from Investing Activities	(593,924)	(293,030)

The accompanying notes are an integral part of this statement.

SNAPPY TOMATO PIZZA COMPANY

STATEMENTS OF CASH FLOWS (Continued)

For the years ended December 31, 2024 and December 31, 2023

	December 31, 2024	December 31, 2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on line of credit	\$ 50,000	\$ 0
Net Cash Flows from Financing Activities	50,000	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(394,308)	346,131
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	535,760	189,629
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 141,452</u>	<u>\$ 535,760</u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Income taxes paid	\$ 182,848	\$ 1,025
Interest paid	\$ 700	\$ 407

The accompanying notes are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Snappy Tomato Pizza Company (the "Company") is a pizza carryout/delivery restaurant operator and franchisor that operates under the name "Snappy Tomato Pizza." The Company owns and operates one pizza-carryout restaurant in Kentucky, and franchises 43 restaurants in the United States.

It is the policy of the Company to employ accounting principles generally accepted in the United States of America ("GAAP") in the preparation of its financial statements. A summary of the Company's significant accounting policies follows:

Accounting Estimates

The preparation of financial statements in conformity with GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition and Significant Judgments

Revenue from the Company's restaurant sales is generated through its Company-owned franchise pizza locations. Franchise income consists of royalty and advertising revenues, which are earned from franchisees in accordance with the terms outlined in the franchise agreements. In addition to the core revenue streams, the Company generates rebate income from vendors and other miscellaneous revenues. Revenues from Company-owned stores and revenues from franchised stores can fluctuate from time-to-time as a result of store count and sales level changes.

Restaurant sales are recognized as revenues at a point in time, when the items are delivered to or carried out by customers. Customer payments are generally due at the time of sale. Sales taxes related to these sales are collected from customers and remitted to the appropriate taxing authority and are not reflected in the Company's statement of operations as revenues.

Franchise revenue consists of royalty and advertising revenues. Royalty and advertising revenues are derived from a percentage of the franchisee's retail sales, as specified in the standard franchise agreements. These royalties are recognized as revenue at a point time when the underlying sales occur. Although advertising revenues are restricted to be used only for advertising and promotional activities to benefit franchised stores, the Company has determined that it is the principal in this arrangements. Accordingly, the related revenue is presented on a gross basis on the Statements of Operations and retained earnings. These revenues are recognized as the goods or services are transferred to the franchisee, and related expenses are recognized as incurred.

Rebate and other revenues consists of rebates offered by vendors. Rebate revenue are recognized as revenue at a point time when the purchases from the vendor occur.

SNAPPY TOMATO PIZZA COMPANY**NOTES TO FINANCIAL STATEMENTS (Continued)**December 31, 2024 and December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Cash Equivalents**

The Company considers monies held in checking and savings accounts as cash and cash equivalents.

Accounts Receivable and Credit Policies

Accounts receivable are uncollateralized obligations due primarily from franchisees. Accounts receivable are stated at the amount billed. Franchisee account balances with invoices dated over 90 days old are considered delinquent. Management is provided the ability to accrue interest on past due accounts based on various agreements currently in use. Management does not presently accrue interest on past due accounts nor does management assign delinquent account receivables to a nonaccrual status. Payments of accounts receivable are allocated to the specific invoices identified on the franchisee's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from invoice date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. There was no valuation allowance at December 31, 2024 or December 31, 2023.

Inventories

Inventories are valued at the lower of cost (first-in, first-out) or net realizable value.

Property and Equipment

Property and equipment are stated at cost. Generally, assets that cost \$5,000 or greater are capitalized. Depreciation is determined using accelerated and straight-line methods over the following estimated useful lives:

Leasehold improvements	15 years
Furniture, fixtures and equipment	5 to 7 years
Transportation equipment	5 years

Depreciation expense was \$61,268 and \$31,413 for the years ending December 31, 2024 and 2023, respectively.

Intangibles

Intangible assets include trademarks related to franchise operations. The Company evaluates the intangible assets for potential impairment annually. During 2024, intangible assets were not considered impaired. The Company treats the costs incurred to renew or extend the term of a recognized intangible asset as professional fee expense.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the year ended December 31, 2024 and 2023 were \$427,639 and \$246,848, respectively.

SNAPPY TOMATO PIZZA COMPANY**NOTES TO FINANCIAL STATEMENTS (Continued)**December 31, 2024 and December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Income Taxes**

Deferred income taxes are accounted for under the asset and liability method. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled.

Leases

In the normal course of business, the Company enters into a variety of lease arrangements. The Company determines if an arrangement is a lease at inception. The Company records an operating lease liability and corresponding operating lease right-of-use ("ROU") asset for operating lease arrangements. Operating lease ROU assets and operating lease liabilities are recorded on the balance sheet based on the present value of all future lease payments discounted by the Company's collateralized borrowing rate at the inception of the lease. Options to extend a lease are included as part of the operating lease ROU asset and liability when it is reasonably certain the Company will exercise the option. For any operating leases with an initial term of 12 months or less, an operating lease ROU asset and operating lease liability is not recognized by the Company and lease expense is recognized on a straight-line basis over the term of the lease. See Note 2 – Leases for more information.

Reclassification

Certain prior year data in the financial statements has been reclassified to conform with current year presentation.

NOTE 2 - LEASES

Effective July 1, 2022, the Company has an operating lease for 1,200 square feet space that expires June 2025. The lease requires fixed monthly payments of \$2,000, with fixed CAM charges of \$160 per month.

Effective July 1, 2022, the Company has an operating lease for 1,348 square feet for office space that expires June 2025. The lease requires fixed monthly payments of \$2,000, with fixed CAM charges of \$179 per month.

Effective November 16, 2023, the Company entered into an operating lease for 1,938 square feet of retail space, expiring April 2029. The lease requires initial monthly payments of \$2,745, with annual increases, reaching \$3,090 per month by year five. CAM charges were \$888 per month for the first six months and will be variable for the remainder of the lease term.

Effective December 16, 2023, the Company entered into an operating lease for 2,400 square feet of storage space with Gayhart Development Inc., a related party. The lease expires December 2028 and requires monthly payments of \$1,650. Additionally, an operating rent charge of \$350 per month is applicable for the first year, with amounts for years two through five to be determined annually. See Note 7 for related-party disclosures.

SNAPPY TOMATO PIZZA COMPANY**NOTES TO FINANCIAL STATEMENTS (Continued)**

December 31, 2024 and December 31, 2023

NOTE 2 - LEASES (Continued)

Effective August 1, 2024, the Company will enter into an operating lease for retail space, expiring January 2031. Monthly payments will begin in February 2025 at \$1,200, increasing to \$1,267 per month from February 2026 through January 2031.

Supplemental Balance Sheet information related to the leases are as follows:

	December 31, 2024	December 31, 2023
Operating lease right-of-use assets	\$ <u>284,375</u>	\$ <u>304,161</u>
Current portion of operating lease liabilities	\$ 75,296	\$ 76,023
Long-term portion of operating lease liabilities	<u>231,587</u>	<u>235,406</u>
	\$ <u>306,883</u>	\$ <u>311,429</u>

The components of operating lease expenses that are included in General and Administrative Expenses in the Statements of Operations and Retained Earnings are as follows:

	December 31, 2024	December 31, 2023
Operating lease expense	\$ <u>113,272</u>	\$ <u>59,336</u>
Total operating lease expense	\$ <u>113,272</u>	\$ <u>59,336</u>

Supplemental cash flow information related to the lease are as follows:

	December 31, 2024	December 31, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	\$ <u>98,032</u>	\$ <u>52,068</u>
Right-of-use assets obtained in exchange for new operating lease liability (non-cash)	\$ <u>69,142</u>	\$ <u>233,964</u>

Weighted average lease terms and discount rate were as follows:

	December 31, 2024	December 31, 2023
Weighted-average remaining lease term – operating lease	4.33 years	4.31 years
Weighted-average discount rate – operating lease	8.21%	8.00%

NOTE 2 - LEASES (Continued)

The maturities of operating lease liabilities as of December 31 are as follows:

<u>Year Ending December 31,</u>	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
2024	\$ 0	\$ 98,032
2025	96,839	83,639
2026	73,746	58,613
2027	74,852	59,652
2028	75,921	60,721
2029	27,560	12,361
Thereafter	16,467	0
Total minimum lease payments	\$ 365,385	\$ 373,018
Less: present value discount	(58,502)	(61,589)
Present value of minimum lease payments	\$ 306,883	\$ 311,429
Less: current portion	(75,296)	(76,023)
Long-term lease liability	\$ 231,587	\$ 235,406

NOTE 3 - DISAGGREGATION OF REVENUE

All revenue from contracts with customers is recognized at a point in time. The strength of the economy may affect the availability of funds for customers to make food purchases.

Revenue is disaggregated by timing of satisfaction of performance obligations for the years ended:

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Restaurant revenues	\$ 870,668	\$ 676,657
Franchise revenues	1,538,418	1,487,928
Rebate revenues	223,861	327,972
Ending Balance	\$ 2,632,947	\$ 2,492,557

SNAPPY TOMATO PIZZA COMPANY**NOTES TO FINANCIAL STATEMENTS (Continued)**December 31, 2024 and December 31, 2023

NOTE 4 - INTANGIBLE ASSETS, NET

Intangible assets consist of the following at December 31:

	December 31, 2024	December 31, 2023
Franchise Agreement		
Gross carrying amount	\$ 300,000	\$ 300,000
Less: accumulated amortization	<u>66,563</u>	<u>66,563</u>
Net carrying amount	<u>\$ 233,437</u>	<u>\$ 233,437</u>

Amortization expense was \$0 for the years ended December 31, 2024 and 2023.

Amortization expense related to this intangible asset over the next five years is expected to be \$0.

NOTE 5 - LINE OF CREDIT

The Company has a \$400,000 line of credit with a bank that matures August 3, 2025. Interest on the line of credit is charged at an index rate of the 0.50 percentage point under the WSJ prime rate (7.5% at December 31, 2024). The balance of the line of credit was \$50,000 at December 31, 2024 and \$0 at December 31, 2023.

NOTE 6 - RETIREMENT PLAN

The Company began a new 401(k) plan effective January 1, 2023 with an effective start date for deferrals of November 1, 2023. The 401(k) plan allows substantially all employees of the Company to contribute a portion of their salaries to an investment trust upon meeting eligibility requirements. Employer contributions are all discretionary. The Company contributed \$1,752 to the plan in 2024. No contributions were made to the plan in 2023.

NOTE 7 - RELATED PARTY TRANSACTIONS

The owner of the Company also holds multiple Snappy Tomato Pizza franchises. These related parties paid franchise income to the Company of \$122,394 in 2024 and \$198,387 in 2023 to the Company.

The owner of the Company also controls an entity that holds the franchise royalty and development rights for a specific geographic area. Under the terms of this agreement, the Company remits payments to the related entity based on advertising revenues and a portion of royalties earned within the designated area. The Company paid the entity royalty and advertising fees of \$368,075 in 2024 and \$359,067 in 2023. Additionally, the Company paid the entity \$1,250 in franchise renewal fees in 2024 and \$5,000 in 2023 for the opening of a new franchise in their territory (see Note 8).

The Company has a month to month lease with a related party, see Note 2. The Company made payments to this related party of \$24,000 in 2024 and \$0 in 2023 in accordance with the month to month lease.

The Company has a note receivable from the owner. The note receivable was \$649,717 at December 31, 2024 and \$433,890 at December 31, 2023. There are no specific repayment terms for this loan. Interest on the note receivable is accrued based on the 5 year treasury rate (4.38% at December 31, 2023). Accrued interest was \$45,045 at December 31, 2023 and \$0 at December 31, 2023.

SNAPPY TOMATO PIZZA COMPANY**NOTES TO FINANCIAL STATEMENTS (Continued)**December 31, 2024 and December 31, 2023

NOTE 8 - FRANCHISE

The Company is engaged in granting franchises for the operation of Snappy Tomato Pizza restaurants. As of December 31, 2024 and 2023, the Company had a total of 43 franchised locations, including the Company-owned and operated pizza carryout restaurants.

The Company operated two locations as of December 31, 2024, and one location at December 31, 2023.

In 2024, one franchise location closed, while one new franchise opened. In 2023, one franchise was sold, and three locations changed ownership. Franchise fee income amounted to \$3,750 for the year ended December 31, 2024 and \$12,500 for the year ended December 31, 2023.

NOTE 9 - INCOME TAXES

The provision for income tax of Company differs from the expense that would result from applying statutory tax rates to income before income taxes due primarily to book to tax differences in depreciation and the availability of tax loss carry forwards from an acquired restaurant.

Significant components of the Company's deferred tax assets as of December 31 are as follows:

	December 31, 2024	December 31, 2023
Deferred tax assets:		
Net operating loss carryforward	\$ 2,969	\$ 0
Total deferred tax assets	2,969	0
Deferred tax liabilities:		
Excess depreciation	\$ (89,295)	\$ 0
Total deferred tax liabilities	(89,295)	0
Net deferred tax asset (liability)	\$ (86,326)	\$ 0

Significant components of the income tax provision (benefit) are as follows:

	December 31, 2024	December 31, 2023
Current	\$ 6,328	\$ 96,808
Deferred	86,326	0
Total	\$ 92,654	\$ 96,808

As of December 31, 2024, the Company has a net operating loss carryforward of approximately \$14,140. This operating loss carryforward will not expire. Utilization of the Company's net operating loss is limited to 80% of annual taxable income.

SNAPPY TOMATO PIZZA COMPANY**NOTES TO FINANCIAL STATEMENTS (Continued)**December 31, 2024 and December 31, 2023

NOTE 9 - INCOME TAXES (Continued)

The Company's tax filings are subject to audit by various taxing authorities. The Company's federal income tax returns for 2021, 2022, and 2023 remain open to examination by the Internal Revenue Service.

The Company follows the provisions of FASB ASC 740-10-50, "Income Taxes-Overall-Disclosure." FASB ASC 740-10-50 sets forth a recognition threshold and measurement attribute for financial statements recognition of positions taken or expected to be taken in income tax returns. FASB ASC 740-10-50 had no material impact on the Company's financial statements.

NOTE 10 - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, and account and notes receivables.

Substantially all of the Company's cash balances at December 31, 2024 and 2023 were maintained at local and national banks in Ohio and Kentucky. Cash balances in financial institutions may, at times, exceed federally insured limits. The Company does not believe significant concentration of credit risk exists with these financial instruments.

NOTE 11 - SUBSEQUENT EVENT REVIEW

The Company has evaluated the impact of all events that have occurred subsequent to December 31, 2024 through April 15, 2025, the date the financial statements were available to be issued, for purposes or recognition and disclosure in the financial statements.

EXHIBIT E
List of State Agents and Service of Process

We have registered or intend to register this Disclosure Document as a “franchise” in some or all of the following states, in accordance with the applicable state laws. The following are the state administrators for the review, registration, and oversight of franchises in these states:

INDIANA

Securities Commissioner
Indiana Securities Division
302 West Washington Street
Room E-111
Indianapolis, Indiana 46204

EXHIBIT F
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EXHIBIT G

STATE ADMINISTRATORS OF ALL STATES IN WHICH SNAPPY TOMATO PIZZA COMPANY OFFERS FRANCHISES FOR SALE

INDIANA

Indiana Secretary of State's Office
Securities Division
Franchise Section
302 W. Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

KENTUCKY

Kentucky Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfurt, Kentucky 40602
(502) 573-2200

OHIO

Ohio has no state agency which is directly responsible for the regulation of companies offering franchises, therefore, any inquiries or complaints should be directed to:

Federal Trade Commission
Washington, D.C. 20580

In addition, while the agency listed below does not regulate franchises, you may be able to get additional assistance from them:

Ohio Attorney General
30 E. Broad Street
Columbus, Ohio 43266-0410
(614) 466-4320

TENNESSEE

Division of Business and Charitable Organizations
Department of State
312 Rosa L. Parks Avenue, 6th Floor
Nashville, TN 37243
(615) 741-2286

NEW MEXICO

State of New Mexico
Secretary of State
325 Don Gaspar, Suite 300
Santa Fe, New Mexico 87501

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