# FRANCHISE DISCLOSURE DOCUMENT

**PrimoHoagies Franchising, LLC**
A Delaware Limited Liability Company
610 Ryan Avenue, Unit V4
Westville, NJ 08093
(856) 432-2274
www.PrimoHoagies.com
nickjr@primohoagies.com

We offer qualified individuals and entities a franchise for the right to independently own and operate a fast-food restaurant business that serves a variety of "hoagie" sandwiches, cheesesteaks, salads, assorted side dishes and soft drinks under the name of "PrimoHoagies." We also offer qualified parties the right to own and operate multiple restaurants.

The total investment necessary to begin operation of one PrimoHoagies restaurant is $366,240 to $652,496. This includes $71,099 to $130,000 that must be paid to us or our affiliate.

The total investment necessary to operate multiple PrimoHoagies restaurants under our form of multi-unit option agreement depends on the number of franchises we grant you the right to open. The total investment necessary to enter into a multi-unit option agreement for the right to develop three (3) or five (5) PrimoHoagies restaurants is $391,240 to $702,496, which includes $96,099 to $180,000 that must be paid to us or our 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 to you. To discuss the availability of disclosures in different formats, contact Nicholas Papanier Jr. or Angela Coppler, 610 Ryan Avenue, Unit V4, Westville, New Jersey 08093, (856) 432-2274.

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: April 30, 2026

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risk(s) to Consider About *This* Franchise

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

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

2. **Turnover Rate**. In the last year, a large number of franchised outlets were terminated, reacquired by the franchisor or otherwise transferred ownership. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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

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

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

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

1. Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

(b) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Franchise
G. Mennen Williams Building
525 West Ottawa, 1st Floor
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

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## Item 1

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

To simplify the language in this franchise disclosure document ("Disclosure Document"), the franchisor, PrimoHoagies Franchising, LLC, is identified as "we," "us" and "our." "You" or "your" means the persons, individually and collectively, who buy the franchise to own and operate a PrimoHoagies restaurant under the name and mark "PrimoHoagies" or enter into a multi-unit option agreement with us to develop multiple PrimoHoagies restaurants. The license that we may provide to you under a franchise agreement to own and to operate a business of the type described in this Disclosure Document is called the "Franchise." The business that you would own is described in this Disclosure Document as the "Franchised Business."

**Who We Are:** We were incorporated in Delaware on August 25, 2005, and converted to a limited liability company on August 27, 2025. We do business under the name "PrimoHoagies" and do not conduct ,business under any other name. We previously did business under the name Primo Franchising, Inc., which was the New Jersey corporation we formed in June 2002 to offer franchises until we converted to a Delaware corporation in August 2005. Our principal place of business is 610 Ryan Avenue, Unit V4, Westville, New Jersey 08093. Our agents who may receive service of process for us in certain states are listed in Exhibit B of this document.

We began offering franchises of the type described in this Disclosure Document in 2006. We do not offer franchises in any other line of business. We do not engage, and have never engaged, in any business activities or any other line of business other than as described in this Disclosure Document. Presently, no PrimoHoagies restaurants are owned and/or operated by us.

**Parents, Predecessors, and Affiliates.** PrimoHoagies Owner, LLC ("PrimoHoagies Owner") is a Delaware limited liability company formed on May 20, 2025. PrimoHoagies Owner owns 100% of the issued and outstanding membership interests of PrimoHoagies OpCo, LLC ("PrimoHoagies OpCo"), a Delaware limited liability company formed on May 20, 2025. On August 29, 2025, PrimoHoagies OpCo acquired 100% of our issued and outstanding membership interests, and those of our affiliate, and became our parent entity. We do not have any predecessors that require disclosure in this Item.

Our affiliate, Nellie's Provisions, LLC ("Nellie's Provisions") was incorporated in Pennsylvania on February 23, 1998, and converted to a Pennsylvania limited liability company on August 27, 2025. Nellie's Provisions has its principal place of business at 610 Ryan Avenue, Unit V6, Westville, New Jersey. Nellie's Provisions does not offer franchises of any kind and does not operate a business similar to what is described in this Disclosure Document. Nellie's Provisions supplies certain food products to our franchisees as disclosed more fully in Item 8.

Other than as stated above, we have no other parents, predecessors or affiliates that must be disclosed in this Item 1.

**Description of the Franchise:** We franchise the right to own and operate a carefully designed fast food restaurant, which serves a variety of "hoagie" sandwiches, using high-quality meats and cheeses, salads, with fresh high-quality produce, assorted side dishes and soft drinks under the name of "PrimoHoagies" (each, a "PrimoHoagies Restaurant").

We also offer qualified individuals the opportunity to open and operate multiple PrimoHoagies Restaurants under our form of multi-unit option agreement (the "Multi-Unit Option Agreement"). Under the Multi-Unit Option Agreement, we will specify the number of PrimoHoagies Restaurants you must develop and will establish deadlines by which you must open each PrimoHoagies Restaurant ("Development Schedule"). Your development rights are non-exclusive. See Item 12 for more details. For each PrimoHoagies Restaurant developed under the Multi-Unit Option Agreement, you must sign a separate, then-current PrimoHoagies Franchise Agreement which may differ from the form of franchise agreement in this offering.

**The PrimoHoagies System:** The Franchised Business will operate according to a unique system developed and owned by us (the "System"). The distinguishing characteristics of the System include distinctive exterior and interior designs, décor, graphics displays, fixtures, and furnishings; standards and specifications for the preparation of food products; uniform standards; specifications and procedures for operations and eat-in, take-out, delivery, and catering food services; training and assistance; customer development and service techniques, and advertising and promotional programs; all of which may be changed, improved and further developed by us periodically.

You will be provided with the right to use certain trade names, service marks, trademarks, logos, emblems, trade dress, and indicia of origin, including the mark "PrimoHoagies," and other trade names, service marks, trademarks, logos, emblems, trade dress, and indicia of origin as we may designate in the Manual or otherwise in writing for use in connection with the System (the "Proprietary Marks").

**Our Franchised Concept:** A PrimoHoagies Restaurant will operate from a commercial location that will typically range from 1,000 to 1,200 square feet in size (some exceptions may apply). All PrimoHoagies Restaurants are designed uniformly to our specifications and are typically located in free standing sites, shopping centers or in "main street" style locations. We will grant you a protected Territory (see Item 12), which will be based upon mutual agreement between you and us and the boundaries of which will be inserted into the Franchise Agreement.

**Selectivity in Assigning Franchises:** We reserve the right to be selective in assigning franchises. If we present this document to you for your review, this does not mean that we are offering you a franchise at this time or at any time in the future. When you sign the Franchise Agreement, it is not approved until we provide you with a copy signed by us. If we do not sign the Franchise Agreement, this will mean that we have not approved it and we will refund your Initial Franchise Fee along with the original Franchise Agreement that you signed.

**Market:** The PrimoHoagies concept is targeted to the general public and the fast-food and casual restaurant industry is highly competitive. As a franchisee, you will compete for consumers with a variety of other restaurants, including other fast-food restaurants, sandwich shops, cheesesteak shops, delis, grocery stores, and other businesses that sell sandwiches and similar foods. The PrimoHoagies concept is not seasonal in nature. Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

**Specific Laws and Regulations:** Most states and local jurisdictions have enacted other laws, rules, regulations and ordinances that may apply to the general operation of your business, including those that: (i) establish general standards, specifications and requirements for the construction, design and maintenance of the business premises; (ii) regulate matters affecting the health, safety and welfare

of your customers, such as restrictions on smoking; (iii) set standards pertaining to employee health and safety; (iv) regulate matters affecting requirements for accommodating disabled persons, including the Americans with Disabilities Act; (v) set standards and requirements for fire safety and general emergency preparedness; and (vi) regulate, or otherwise relate to or govern, the operation of a restaurant generally (including those that may require you to obtain certain permits, certificates, licenses or approvals to provide the required menu items at your Franchised Business). It is your sole responsibility to investigate any regulations in your area, including those related to the establishment and operation of a PrimoHoagies Restaurant generally.

Please be advised that you must investigate and comply with all of these applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations, despite any advice or information that we may give you. We have not researched any of these laws to determine their applicability to your Franchised Business.

## Item 2

## BUSINESS EXPERIENCE

President, Chief Executive Officer, and Director: Nicholas Papanier Jr.

Nicholas Papanier Jr. has been our President and Chief Executive Officer since January 2020 and is located in Westville, New Jersey. Prior to serving in this capacity, Mr. Papanier served as our Chief Operating Officer since January 2016. Since January 2010, Mr. Papanier has been the Vice President and Nellie's Provisions in Westville, New Jersey, which is an approved distributor of certain products required to be offered by franchisees. Since August 29, 2025, Mr. Papanier has served as the President of Nellie's Provisions and as a director of our parent PrimoHoagies Owner.

Chief Operating Officer: Glen Brandeburg

Glen Brandeburg has served as our Chief Operating Officer since April 2026. Previously, from March 2017 until April 2026, Mr. Brandeburg was the President and Operating Partner at Heritage Partners Group located in Dallas, Texas.

Chief Financial Officer: Alexander Chu

Alexander Chu has served as our Chief Financial Officer since October 2025. Previously, from August 2023 though October 2025, Mr. Chu served as the Sr. Director of Strategic Development at Church's Texas Chicken, located in Atlanta, Georgia. From May 2022 until August 2023, Mr. Chu was President of Mosaic Management LLC located in Dunwoody, Georgia. Mr. Chu served as a Director of Atticus Franchise Group, located in Atlanta, Georgia, from January 2021 through May 2022. Mr. Chu served as Director of Finance for Honors Holdings, LLC in Atlanta, Georgia from March 2020 through September 2020. From February 2018 through March 2020, Mr. Chu served as Manager, Finance for Inspire Brands, located in Atlanta, Georgia.

Senior Vice President of Development: Angela Coppler

Angela Coppler has served as our Vice President of Development since December 2025. Previously, Ms. Coppler served as Head of Development at Cousins Maine Lobster located in Portland,

Maine, from May 2023 through May 2025. Ms. Coppler was Senior Director of Development for The Wendy's Company in Dublin, Ohio from May 2009 through May 2023.

Director: Sidney R. Brown

Sidney Brown has served as a director of our parent, PrimoHoagies Owner, since August 29, 2025. Since March 1997, Mr. Brown has also served as Chairman and Chief Executive Officer of NFI Industries, Inc. in Camden, New Jersey.

Director: Jeffrey S. Brown

Jeffrey Brown has served as a director of our parent, PrimoHoagies Owner, since August 29, 2025. Since March 1997, Mr. Brown has also served as the Vice Chairman and President of NFI Industries, Inc. in Camden, New Jersey.

Director: Christopher H. Kempner

Christopher Kempner has served as a director of our parent, PrimoHoagies Owner, since August 29, 2025. Since September 2018, Mr. Kempner has been a partner at Red Barn Equity Partners in West Palm Beach, Florida.

Director: David K. Lee

David Lee has served as a director of our parent, PrimoHoagies Owner, since August 29, 2025. Since August 2024, Mr. Lee has served as the CEO of Nawench Capital in Atlanta, Georgia. Previously, Mr. Lee was a Principal at Roark Capital in Atlanta, Georgia from April 2008 until June 2023.

Director: Arturo J. Mattia

Arturo Mattia has served as a director of our parent, PrimoHoagies Owner, since August 29, 2025. Since October 2017, Mr. Arturo, serves as the Vice President of Action Manufacturing Company in Bristol, Pennsylvania.

Director: David R. Vernon

David Vernon has served as a director of our parent, PrimoHoagies Owner, since August 29, 2025. Presently retired, Mr. Vernon previously had a long career in franchise development including as Chief Development Officer at Wingstop Restaurants, Inc. in Addison, Texas from October 2010 through April 2017, and as Vice President of Franchise Sales at Sonic Industries LLC in Oklahoma City, Oklahoma from December 1996 through July 2010.

## Item 3

## LITIGATION

During the last fiscal year, we initiated a lawsuit against former franchisees as follows:

PrimoHoagies Franchising, Inc. v. Dominic's Barbershop LLC, et. al., No. 1:25-cv-00621 (U.S.D.C. D.N.J.) for collection of monies owed.

Concluded Cases:

Scarlata-Nesbitt v. PrimoHoagies Franchising, Inc., et. al., Reference #1450003540, Judicial Arbitration and Mediation Services (filed March 11, 2015). On March 11, 2015, our franchisee Sarah Scarlata-Nesbitt ("Complainant") filed a demand for arbitration against us, our affiliate, Nellie's Provisions, Michael Aruanno, and Nicholas Papanier (collectively, the "PrimoHoagies Parties") asserting claims for fraudulent misrepresentation, negligent misrepresentation, violations of federal and state Racketeer Influenced Corrupt Organizations laws, violations of the New Jersey Franchise Practices Act, and violations of the New Jersey Consumer Fraud Act and sought damages of $1,000,000. The PrimoHoagies Parties filed a counterclaim. On summary judgment all claims against the PrimoHoagies Parties were dismissed except a single claim which asserted that, although outside the franchisee's protected territory, a franchisee was permitted to relocate too close to the Complainant. After a hearing, the arbitrator entered a final award of $54,400 plus costs and a portion of her legal fees to Complainant for a total of $134,472. On December 9, 2016, the parties entered into a confidential settlement agreement, which contained a provision requiring the PrimoHoagies Parties to make payment to the Complainant.

Other than the above actions, no litigation is required to be disclosed in this Item.

## Item 4

## BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

## Item 5

## INITIAL FEES

**Franchise Fee**. You must pay us an initial franchise fee in the amount of $25,000, payable upon your signing the Franchise Agreement, which covers the franchise license to operate your Franchised Business within your Territory (the "Initial Franchise Fee"). The Initial Franchise Fee is deemed fully earned upon payment, is not refundable under any circumstances, and is applied uniformly to all of our franchisees. If you enter into a Multi-Unit Option Agreement, described below, we offer discounted fees based on the number of Franchised Businesses that you are granted the option to develop.

**Opening Inventory**. You will also be required to purchase opening inventory from our affiliate, Nellie's Provisions or other approved vendors, for each PrimoHoagies Restaurant you will operate. The estimated cost of this opening inventory is between $31,099 to $40,000, and this cost is non-refundable.

**Grand Opening Advertising**. You must pay us a lump sum of $15,000, through ACH, at least 60 days prior to the opening of the Franchised Business, which we will then spend on local marketing, advertising, and promotion on your behalf as part of a grand opening advertising campaign (the "Grand Opening Advertising Fee"). If you are purchasing the right to operate an existing PrimoHoagies Restaurant, then you must pay us a reduced Grand Opening Advertising Fee of $10,000, through electronic funds transfer, automated clearing house ("ACH"), within 60 days of the date that you sign or

assume the Franchise Agreement, which we will then spend on local marketing, advertising, and promotion on your behalf. The Grand Opening Advertising Fee is nonrefundable.

Multi-Unit Option Agreement

**Multi-Unit Fee**. If we grant you the right to open and operate additional Franchised Businesses under a Multi-Unit Option Agreement, which must be executed at the time you sign your first Franchise Agreement, you will pay us a multi-unit fee based on the number of Franchised Businesses that you are granted the option to develop (the "Multi-Unit Fee"). The Multi-Unit Fee is payable at the time you enter into the Multi-Unit Option Agreement, is fully earned and will not be refundable under any circumstances. The Multi-Unit Fee is calculated as follows:

| Number of Franchised Businesses under MUOA | Multi-Unit Fee for each Franchised Business under MUOA | Total Multi-Unit Fee Payable Upon Execution of MUOA and the First Franchise Agreement |
|---|---|---|
| 2 Units | $20,000 | $40,000 |
| 3 Units | $16,667 | $50,000 |
| 4 Units | $16,667 | $66,668 |
| 5 Units | $15,000 | $75,000 |

If qualified, and though our decision, you may be offered the opportunity to purchase additional options to develop additional Franchised Businesses. Options to develop between 6 to 9 Franchised Business will incur a Multi-Unit Fee equal to $15,000 multiplied by the number of Franchised Businesses. Options to develop ten or more Franchised Businesses will incur a Multi-Unit Fee equal to $10,000 multiplied by the number of Franchised Businesses. If you enter into a Multi-Unit Option Agreement you will also be eligible for discounted royalty rates as described in Item 6 below.

At the time you enter into the Multi-Unit Option Agreement, you must also execute our current form of franchise agreement for your first PrimoHoagies Restaurant.

## Item 6

## OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee | 6% of Gross Sales | Payable on Wednesday of each week for the prior Monday – Sunday Gross Sales | See Note 1. |
| Brand Fund Contribution | 3% of Gross Sales | Payable on Wednesday of each week for the prior Monday – Sunday Gross Sales | See Note 2. |
| Local Marketing, Advertising and Promotion | Minimum of the greater of 1% of Gross Sales or $9,000 per year | Monthly, or as Franchisor otherwise directs | See Note 2. |
| Training Fee | Then-current training fee (currently $350 per person per day) | 2 weeks before beginning of training | See Note 3. |
| Transfer Fee | FA: Greater of $12,500 or 5% of the sales price (but not to exceed $20,000)<br><br>MUOA: Greater of $12,500 or 5% of the sales price (but not to exceed $20,000) per undeveloped Franchised Business | At time of transfer | See Note 4. |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Audit | Cost of audit plus interest and late fee and, if fees are understated by 2% or more, our costs and expenses | 30 days after billing | See Note 5. |
| Renewal Fee | $7,500 | At time of renewal | See Note 6. |
| Software Service Contract | $4,895 - $6,995 per year | As assessed by supplier | See Note 7. |
| Interest and Late Fees | Overdue payments will be charged interest of 1.5% per month and a late fee equal to 10% of the amount of the overdue payment | At time of payment | See Note 8. |
| Attorneys' Fees and Costs | Amount of Costs Incurred | As incurred | See Note 9. |
| Indemnification | Cost of Liability | As incurred | See Note 10. |
| Administrative/Late Fee | $50 | When billed | Due for each late or dishonored payment |
| Liquidated Damages | Equivalent of 36 months of royalty fees and advertising fees | Upon termination | See Note 11. |
| Relocation Fee | $5,000 plus expenses | At time of relocation | See Note 12. |
| Additional Training Fee | $350 per person per day, plus expenses | At time of training | See Note 13. |

All fees are imposed by and are payable to us and are non-refundable. Fees or monies spent with third parties may or may not be refundable depending upon the policies of the third party. Except as otherwise stated in this Item, all fees are uniformly imposed on all franchisees.

**NOTES:**

[1]**Royalty Fee:** You will pay us a continuing weekly royalty fee (the "Royalty Fee") of 6% of the Gross Sales of the Franchised Business. You will pay us the Royalty Fee each week for the prior Monday through Sunday's Gross Sales, but we reserve the right to change the interval at which we collect your Royalty Fee and other recurring fees payable to us or our affiliates under the Franchise Agreement upon written notice to you. "Gross Sales" means all revenues generated by the Franchised Business conducted upon, from or with respect to the Franchised Business, whether such sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales includes monies or credit received from the sale of products, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Business, including such off-premises services as delivery and catering. Gross Sales does not include the sale of all food and beverage products for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Franchised Business, any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority, any reduction in revenue due to discounts, or any amounts paid to employees as approved compensation for meals.

If you enter into a Multi-Unit Option Agreement, and you qualify for, and exercise each option timely, and are not in default of any of your agreements with us, your royalty rate will be reduced for each Franchise Agreement executed under the Multi-Unit Option Agreement as follows:

| | Year 1 | Year 2 | Year 3 | Year 4+ |
|---|---|---|---|---|
| Multi-Unit Royalty Rate | 2% | 3% | 4% | 6% |

[2]**Advertising Fee:** You will pay to the System's advertising and brand promotion fund (the "PrimoHoagies Brand Fund") a weekly fee in the amount of 3% of the Gross Sales of the Franchised Business. In addition, you will expend a minimum of the greater of 1% of Gross Sales per month or $8,000 per year on local marketing, advertising, and promotion in the manner we may direct.

[3]**Training Fee:** We will train up to two individuals from your Franchised Business in our initial training class. If you need to have additional persons attend initial training or to receive additional training after the initial training, you must pay additional training fees to us in the amount of $350 per day for each additional person to be trained. The additional training fee must be paid at least two weeks before the start of the training.

[4]**Transfer Fee:** As a condition to transfer of the Franchise Agreement, Multi-Unit Option and/or Franchised Business, you must pay to a transfer fee equal to the greater of $12,500 or 5% of the sales price (but not to exceed $20,000), which is due at the time of transfer. You will not be required to pay the Transfer Fee for a transfer of the Franchise Agreement or Multi-Unit Option Agreement to a corporation or limited liability company formed by you for the convenience of ownership.

[5]**Audit:** We or our designated agent have the right to copy and inspect, electronically or otherwise, your books, records and tax returns at our expense. If you make sales through any third-party vendors (for example, companies that facilitate online ordering, deliveries or catering orders), we or our designated agents have the right to access all sales records and of such vendor and may request and receive such records directly from the vendor without your consent. We may also have an independent audit made of the Franchised Business' books and records at our expense. If an inspection or audit of

the Franchised Business should reveal that any income or sales have not been reported or have been understated in any report to us, then you must immediately pay to us the amount underpaid upon demand, in addition to interest from the date such amount was due until paid, at the rate of 1.5% per month, or the maximum rate permitted by law, whichever is less, plus a late fee equal to 10% of the amount underpaid. If an inspection or audit of the Franchised Business should reveal that any report to us is incorrect, that any income or sales have not been reported to us, or that any income or sales have been understated by two percent (2%) or more, you must also pay all of our costs and expenses in connection with the inspection or audit, including travel costs, lodging and wage expenses, and reasonable accounting and legal fees and costs.

[6]**Renewal Fee:** As a condition for renewal of the Franchise Agreement, you must pay to us a renewal fee in the amount of $7,500, which includes mandatory renewal training for the approved manager, prior to its expiration.

[7]**Software Service Fee:** You must pay an annual software service contract fee to our Approved Supplier (as defined in Item 8), which is currently $4,895 to $6,995 payable in 12 monthly payments over the course of each year. The Software Service Fee is paid to third parties for certain services in connection with the security system, point-of-sale system, camera and other components of the Computer System.

[8]**Late Fees:** We will charge you interest on all overdue payments of 1.5% per month, or the maximum rate permitted by applicable law, whichever is less, and a late fee equal to 10% of the amount of the overdue payment. In addition, if any required weekly report is not received by us when due, all payments owed by you for that weekly will be deemed overdue until the reports are received by us, regardless of whether payment was actually made, and you will be responsible for applicable interest and late fees. In addition, you will be charged a $50 fee for any payment returned due to lack of funds.

[9]**Attorneys' Fees and Costs:** You must pay all expenses, including attorneys' fees and costs, incurred by us, our affiliates, and our successors and assigns (a) to remedy any defaults of, or enforce any rights under, the Franchise Agreement or Multi-Unit Option Agreement; (b) to effect termination of the Franchise Agreement or Multi-Unit Option Agreement; and (c) to collect any amounts due under the Franchise Agreement or Multi-Unit Option Agreement.

[10]**Indemnification:** You must indemnify and hold us, and our officers, directors and employees harmless against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with your operation of the Franchised Business or under the Franchise Agreement or Multi-Unit Option Agreement, as well as the costs, including attorneys' fees, of the indemnified party in defending against them.

[11]**Liquidated Damages:** If the Franchise Agreement is terminated by us due to your default, you must pay us liquidated damages. The amount of liquidated damages will be the average monthly royalty fee and PrimoHoagies Brand Fund fee payable by you over the 12-month period immediately preceding the date of termination, multiplied by the lesser of 36 months or the number of months remaining in term of the Franchise Agreement.

[12]**Relocation Fee:** If relocation is approved by us, you must pay us a relocation fee of $5,000 and you will be responsible for all costs and expenses incurred by us as a result of your relocation.

[13]**Additional Training Fee:** You will not be charged a separate fee for the first two individuals who attend the Initial Training Program, but all additional individuals must pay our then-current training fee of $350 per person per day, which is non-refundable. You are also responsible for all expenses incurred by you and your employees in connection with attending all training programs, including the costs of transportation, lodging, meals, and wages. See Item 11.

## Item 7

## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT (Franchise Agreement)

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|
| Initial Franchise Fee[1] | $25,000 | Lump Sum | At signing of Franchise Agreement | Franchisor |
| Furniture, Fixtures, Equipment[2] | $142,145 - $171,422 | As Incurred | 30 days before scheduled date of opening | Suppliers |
| Inventory[3] | $31,099 - $40,000 | Lump Sum | 1 day before scheduled date of opening | Affiliate/ Suppliers |
| Lease Deposits, First Month's Rent[4] | $3,468 - $10,402 | Lump Sum | At signing of lease | Landlord |
| Architectural Plans and Design[5] | $5,000 - $13,500 | As Incurred | As incurred prior to beginning construction | Designated Architect and Other Suppliers |
| Leasehold Improvements, Permits, Designs, Painting[6] | $113,000 - $289,200 | As Incurred | As necessary during construction beginning 90 days before opening | Contractors |
| Grand Opening Advertising[7] | $15,000 | Lump Sum | 60 days before opening | Franchisor |
| Printing/ Supplies[8] | $3,000 - $3,500 | Lump Sum | 30 days before opening | Suppliers |
| Professional Fees | $0 - $5,000 | As Incurred | As necessary during opening process | Suppliers |

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|---|---|---|---|---|
| Signage | $5,000 - $15,520 | Lump Sum | 60 Days before opening | Suppliers |
| Insurance, Licenses and Utility Deposits[9] | $4,528 - $17,452 | As Incurred | Two weeks before opening | Insurance, Utility Companies, Government |
| Travel, Lodging and Meal Expenses During Training[10] | $500 - $7,000 | As Incurred | As Incurred | Purveyors |
| Additional Funds (3 months)[11] | $20,000 - $40,000 | As Incurred | As Incurred | Employees, Suppliers, Utilities |
| **TOTAL** | **$366,240 - $652,496** | | | |

All amounts other than Initial Franchise Fee are approximate and represent best estimates of beginning expenditures. The estimates will vary depending upon location and condition of the leasehold space for the business, fixtures and equipment which may already exist in the leasehold space, costs of improvements, custom and usage in the area and other factors over which we have no control. These are our best estimates at the time of preparation of this document. We caution you to investigate independently the expenses not paid directly to us, and which may be incurred. Start-up costs may vary based on desired size of location, amount of inventory, etc.

We do not directly or indirectly offer financing to franchisees for any items. All fees are non-refundable.

**NOTES:**

[1]**Initial Franchise Fee:** See Item 5 for a description of the Initial Franchise Fee.

[2]**Signs, Fixtures, Equipment:** As described in the PrimoHoagies training manual, you must purchase new start-up equipment, fixtures and signs necessary for the start-up of your Franchised Business, including a refrigerator, walk-in front of refrigerator and freezer, slicers, scale, freezer, oven, sinks, telephone, POS, So Link, and digital menu boards. This amount may be lower if you are converting an existing business and already own certain start-up equipment, fixtures and signs. You are also required to purchase all signs, fixtures and equipment from an Approved Supplier, unless otherwise stated in writing. You may not purchase any pre-owned or used equipment.

[3]**Inventory:** At the time the Franchised Business opens, you must stock the initial inventory of menu items, products, accessories, equipment, and supplies as required by us in the Manual or otherwise in writing. This estimate includes the approximately $31,099 to $40,000 that you must pay to Nellie's Provisions or other designated supplier, and other approved vendors, for opening inventory. After the

Franchised Business opens, you must order all required food products on a weekly basis in sufficient quantities to meet reasonably anticipated customer demand for the following 12-day period.

[4]**Lease Deposits, First Month's Rent:** If you do not already own a site for your Franchised Business, you must lease or acquire a site for your Franchised Business for the term of the Franchise Agreement. In the event that you lease the premises for the Franchised Business, we have provided an estimated cost of one month's rent and one month's security deposit for 1,000 to 1,200 square feet. The monthly rent for leased premises will vary depending on the location of the premises and current local real estate rental market conditions. You may also be required to pay other rental payments upon signing a lease, such as real estate taxes, percentage rent, utilities, maintenance and insurance. These additional charges will cause you to incur higher costs. We have not provided an estimate of costs incurred for purchasing the premises for the Franchised Business.

[5]**Architectural Plans and Design:** Before commencing construction of the Franchised Business, you must employ (and pay directly) Primo's designated design vendor, and a qualified, licensed architect or engineer that we designate, to prepare preliminary and final architectural drawings and specifications for the Franchised Business. You will also need to hire a local architect to ensure that any final architectural plans comply with local codes and ordinances, which may vary depending on your location and may cause your costs to be higher than the estimate.

[6]**Leasehold Improvements Permits, Designs, Painting:** Leasehold improvements include construction build-out costs, store construction and fixtures, including electrical, plumbing, countertops, customer service area, tables, and chairs. Your costs will vary depending on the location of the Franchised Business and other factors such as whether: (i) demolition is required, (ii) the location was previously used as a restaurant; and (iii) whether the space is in-line, or an end-cap, or part of a multi-story building. As we continue to expand and develop into new and potentially higher cost markets, our experience with these costs may change significantly. You might experience higher costs than estimated in this range.

[7]**Grand Opening:** You must pay us a Grand Opening Advertising Fee of $15,000 at least 60 days prior to the opening of the Franchised Business. If you are purchasing the right to operate an existing PrimoHoagies Restaurant, then you must pay us a reduced Grand Opening Advertising Fee of $10,000 within 60 days of the date that you sign or assume the Franchise Agreement. See Item 5.

[8]**Printing/Supplies:** This estimate includes miscellaneous supplies and printing costs.

[9]**Insurance, Licenses, and Utility Deposits:** This is an estimate of insurance premiums for the initial three (3) months of business operation from a third-party provider for such insurance, as well as estimates for businesses licenses and utility deposits. Your costs will vary depending on your market, the size of the premises, the amount of insurance coverage you select, your insurance carrier, and other factors.

[10]**Travel, Lodging and Meal Expenses During Training:** This estimate includes the travel, food and lodging expenses of two individuals to attend the initial training course for approximately 15 days.

[11]**Additional Funds (3 months):** This is an estimate of the range of initial start-up expenses for 3 months for which you may need additional capital. Your initial start-up expenses during the first three

months of operation of your Franchised Business will include rent, utilities payroll costs, inventory purchases, supplies, printed materials, debt service, professional expenses, and working capital need for other expenses during the initial phase of your operations. We relied on the experience of our officers as described in Item 2 to compile these estimates, largely based on the past opening investment of our existing franchisees. You should also have adequate funds available to cover living expenses in addition to adequate operating capital.

**YOUR ESTIMATED INITIAL INVESTMENT[1]**
**(Multi-Unit Option Agreement - 3 Pack)**

| Type Of Expenditure | Amount | Method Of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Multi-Unit Fee[2] | $50,000 | Lump sum | At signing of Multi-Unit Option Agreement | Franchisor |
| Initial Investment to Open Initial PrimoHoagies Restaurant | $341,240 to $627,496 | See Franchise Agreement Chart in this Item 7. | | |
| **TOTAL** | **$391,240 to $677,496** | This is the total estimated initial investment to enter into a Multi-Unit Option Agreement for the right to own a total of three PrimoHoagies Restaurants, as well as the costs to open and commence operating your initial PrimoHoagies Restaurant for the first three months. See Note 3. | | |

**YOUR ESTIMATED INITIAL INVESTMENT[1]**
**(Multi-Unit Option Agreement - 5 Pack)**

| Type Of Expenditure | Amount | Method Of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Multi-Unit Fee[2] | $75,000 | Lump sum | At signing of Multi-Unit Option Agreement | Franchisor |
| Initial Investment to Open Initial PrimoHoagies Restaurant | $341,240 to $627,496 | See Franchise Agreement Chart in this Item 7. | | |

| Type Of Expenditure | Amount | Method Of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| **TOTAL** | **$416,240 to $702,496** | This is the total estimated initial investment to enter into a Multi-Unit Option Agreement for the right to own a total of five PrimoHoagies Restaurants, as well as the costs to open and commence operating your initial PrimoHoagies Restaurant for the first three months. See Note 3. | | |

**NOTES**

[1] All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Multi-Unit Option Agreement for the right to own and operate three PrimoHoagies Restaurants, as well as the initial investment to open your first PrimoHoagies Restaurant under your Development Schedule.

[2] The Multi-Unit Fee is described in greater detail in Item 5 of this Disclosure Document. The Multi-Unit Fee set forth in this chart represents the cost to acquire the right to open and operate a total of three Franchised Businesses (provided you comply with your development obligations under the Multi-Unit Option Agreement). The Multi-Unit Fee for three (3) Restaurants is $50,000 and for five (5) Restaurants is $75,000 and is due upon executing your Multi-Unit Option Agreement.

[3]This figure represents the total estimated initial investment required to open the initial Franchised Business you agreed to open and operate under the Multi-Unit Option Agreement. You will be required to enter into our then-current form of franchise agreement for the initial Franchised Business you open under your Multi-Unit Option Agreement. The range includes all the items outlined in the Franchise Agreement Chart in this Item, except for the $25,000 Initial Franchise Fee (because the Initial Franchise Fee that you will pay under a Multi-Unit Option Agreement is included in the Multi-Unit Fees stated in this chart). It does not include any of the costs you will incur in opening any additional Franchised Business(es) that you are granted the right to open and operate under your Multi-Unit Option Agreement.

## Item 8

## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards and specifications of the System as we may prescribe in the Manual or otherwise in writing and you must refrain from deviating from these methods, standards and specifications without our prior written consent. We may revise the contents of the Manual, and you must comply with each new or changed standard and specification. You must at all times ensure that your copy of the Manual is kept current and up to date.

Products and Menu Items

You must maintain in sufficient supply (as we may prescribe in the Manual or otherwise in writing), and use at all times, only such products and ingredients acquired from a supplier or suppliers

we designate or approve, and such other ingredients, products, materials, supplies, paper goods, cleaning products, chemicals, fixtures, furnishings, equipment, signs, and menu items as conform with our standards and specifications, and refrain from deviating from those standards and specifications by the use of nonconforming items, without our prior written consent.

You must sell or offer for sale only such menu items, products, merchandise, and services as we have expressly approved for sale in writing; sell or offer for sale all types of menu items, products, services, and merchandise we specify; refrain from any deviation from our standards and specifications without our prior written consent; discontinue selling and offering for sale any menu items, products, merchandise or services which we may, in our discretion, disapprove in writing at any time; and refrain from selling or advertising any menu items, other products, merchandise, or services on the Internet without our prior, written approval. You must offer full-time delivery and catering services.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including telephone(s), computer, printer, and cash register or point-of-sale recording system), décor, and signs as we may reasonably direct; and refrain from installing or permitting to be installed on or about the premises of your Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved as meeting our standards and specifications.

All products sold or offered for sale at the Franchised Business must meet our then-current standards and specifications, as established in the Manual or otherwise in writing. You must purchase all food items, ingredients, supplies, materials, and other products offered for sale at the Franchised Business for which we have established standards or specifications solely from us, our affiliate, or suppliers (including distributors and other sources) that we designate in the Manual or otherwise in writing. We have the right to designate ourselves and/or our affiliate as an Approved Supplier or as the only Approved Supplier of certain required goods or services.

Approved Suppliers

We have the right to require you to purchase any items or services necessary to operate your Franchised Business from a supplier that we approve or designate (each, an "Approved Supplier"), which may include us or our affiliate. We will provide you with a list of our Approved Suppliers in writing as part of the Manual or otherwise in writing, and we may update or modify this list as we deem appropriate.

Presently, you must purchase the following from one or more of our Approved Suppliers: (i) the food items and ingredients necessary to prepare the sandwiches and menu items you are authorized to offer at your Franchised Business, including bread, meats, cheeses, and chips (but not produce); (ii) beverages; (iii) the point-of-sale ("POS") system and related software, as well as a video surveillance system; (iv) certain other equipment necessary to buildout your Franchised Business; (v) credit card processing and system services; (vi) architectural plans; (vii) paper goods; (viii) linens; (ix) equipment (x) restaurant supplies; (xi) signage; and (xii) uniforms. We may develop proprietary products for use in your Franchised Business, including private-label products that bear our Proprietary Marks, and require you to purchase these items from us or our affiliate.

As of the Issue Date of this Disclosure Document, we are not an Approved Supplier of any good or service that is a Required Purchase. Our affiliate Nellie's Provisions is the only Approved Supplier of certain of the food items, ingredients and paper goods described in the preceding paragraph, as well

as certain branded paper goods; and our President/CEO Nicholas Papanier Jr. owns an interest in this Approved Supplier. None of our officers own an interest in any other Approved Supplier.

We formulate and modify specifications and standards imposed upon franchisees by evaluating the market acceptance of products and the financial stability of suppliers. We are not required to issue our specifications and standards to franchisees or Approved Suppliers, nor our criteria for supplier approval made available to franchisees. We do not permit franchisees to contract with alternative suppliers who meet our criteria, and we do not have any procedures for approving alternative suppliers. You must immediately notify us if an Approved Supplier substitutes an unapproved product in place of an approved product. We may revoke our approval of particular products or suppliers when we determine, in our sole discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to sell any disapproved products and cease to purchase from any disapproved supplier. In the event we establish a process for approving alternate suppliers in the future, we anticipate and intend to respond to any alternate supplier proposals within 30 days of the date we receive all requested information regarding that alternate supplier. If we do not approve a proposal within 30 days, it will be deemed rejected.

System Standards

We reserve the right to formulate and modify our standards and specifications for operating the Franchised Business. This includes requiring that you take all steps, including but not limited to those related to visibility and management of the Franchised Business that are necessary to ensure that your business is compliant with all data privacy and security laws and Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and modified by the PCI Security Standards Council (see pcisecuritystandards.org), or such successor organization or standards that we may reasonably specify. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for Approved Services and Products, equipment, signs, furnishings, supplies, fixtures, inventory, computer systems (hardware, software, applications, data network and internet connection minimum bandwidth capacities), privacy policies, encryption requirements, data and IT security policies - including implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies by written notice to you or through changes in the Operations Manual. We may issue our standards or specifications for goods and services, and changes to those standards and specifications, in writing directly to you or our approved supplier. You may incur an increased cost to comply with these changes at your own expense.

Required Purchases and Right to Derive Revenue

The products or services we require you to purchase or lease from an Approved Supplier, or purchase or lease in accordance with our standards and specifications, are referred to collectively as your "Required Purchases." We estimate that your Required Purchases will account for approximately 48% - 66% of your total costs incurred in establishing your Franchised Business, and approximately 75% to 95% of your ongoing costs to operate the Franchised Business after the initial start-up phase.

We reserve the right to derive revenue from any of the purchases (items or services) that our System franchisees are required to make in connection with their respective Franchised Business(es).

We currently receive rebates from certain third-party suppliers that are based on either (a) the volume of purchases made by our System franchisees, or (b) the number of System franchisees that are purchasing from the supplier at issue. We receive payments from suppliers ranging from approximately 3% to approximately 25.3% of the purchase price of the products purchased from suppliers. In our past fiscal year ending December 31, 2025, we derived $1,837,563 in rebate consideration from these suppliers (or 14.8% of our total revenue in our past fiscal year of $12,407,554). Please note that: (i) our affiliate, Nellie's Provisions, did not pay us any of this rebate consideration; and (ii) we did not otherwise derive any revenue or other material consideration from franchisees' Required Purchases in our past fiscal year. In its past fiscal year ending December 31, 2025, Nellie's Provisions generated $23,470,774 in gross revenue from the sale of the products to franchisees.

Purchasing Cooperatives and Right to Receive Compensation

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and Approved Suppliers on behalf of the System. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the PrimoHoagies Restaurants in our System. If we do establish those types of alliances or programs, we may: (i) limit the number of Approved Suppliers with whom you may deal; (ii) designate sources that you must use for some or all products, equipment and services; and (iii) refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We and/or our affiliate(s) may receive payments or other compensation from Approved Suppliers or any other suppliers on account of these suppliers' dealings with us, you, or other PrimoHoagies Restaurants in the System, such as rebates, commissions or other forms of compensation. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees.

We do not currently have any purchasing cooperatives, but we reserve the right to develop purchasing cooperatives in the future.

Advertising

All advertising and promotional materials and other items we designate must bear the Proprietary Marks in the form, color, location and manner we prescribe. In addition, all your advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements we prescribe in the Manuals or otherwise. You must obtain our approval before you use any advertising and promotional materials or plans in connection with your Franchised Business.

Approved Location

You must obtain our approval of the Approved Location for your Franchised Business before you acquire the site. You must also ensure that you comply with all of our System standards and specifications related to the build-out, remodeling and/or construction of your Franchised Business at the Approved Location.

Insurance

You must purchase and maintain public liability and property damage insurance covering the operation of the Franchised Business and the premises with insurance carriers reasonably acceptable to us, and real and personal property insurance, including fire, products liability and extended coverage on all risk replacement cost basis or in minimum amounts necessary to cover the Franchised Business' premises and liability for property and personal injury. All required insurance must have a minimum coverage limit of at least $1,000,000. You must carry insurance as may be required by the lease of your location or by any lender or equipment lessor you select and the workers compensation insurance as may be required by applicable law. You must add us to all insurance contracts as an additional insured under the insurance policies, the cost of which is to be paid by you. You must obtain auto insurance for all your company vehicles, as well as hired and non-owned vehicles, which will include collision and comprehensive coverage as well as liability in the minimum amount described in the Manual or the minimum required by state regulations, whichever is greater.

Franchisee Compliance

When determining whether to grant new or additional franchises, we consider many factors, including your compliance with the requirements described in this Item 8. You do not receive any further benefit as a result of your compliance with these requirements.

## 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 FRANCHISE AGREEMENT | SECTION IN MULTI-UNIT OPTION AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|---|
| a. Site selection and acquisition/lease | 1.2, 5.1, 5.3, 7.13 and 7.14 | Not Applicable | 11 |
| b. Pre-opening purchases/leases | 7.6 | Not Applicable | 5, 6, 7 and 8 |
| c. Site development and other pre-opening requirements | 5 and 7.6 | Not Applicable | 11 |
| d. Initial and ongoing training | 6 | Not Applicable | 6, 7 and 11 |
| e. Opening | 5 and 7.6 | Section 1.3 and 2.1 | 11 |
| f. Fees | 4 and 14.3.11 | Section 1.1 | 5, 6 and 7 |

| OBLIGATION | SECTION IN FRANCHISE AGREEMENT | SECTION IN MULTI-UNIT OPTION AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|---|
| g. Compliance with standards and policies/Operating Manual | 7.3 and 9 | Not Applicable | 8 and 11 |
| h. Trademarks and proprietary information | 8 and 10 | 5.2 | 13 and 14 |
| i. Restrictions on products/services offered | 7 | Not Applicable | 8 and 16 |
| j. Warranty and customer service requirements | Not Applicable | Not Applicable | 11 |
| k. Territorial development and sales quota | 1.3 | 1.3 and 2.1 | 12 |
| l. Ongoing product/service purchases | 7.3 | Not Applicable | 8 |
| m. Maintenance, appearance and remodeling requirements | 2.2.2, 7.9 and 7.10 | Not Applicable | 11 |
| n. Insurance | 13 | Not Applicable | 6 and 7 |
| o. Advertising | 12 | Not Applicable | 6, 7 and 11 |
| p. Indemnification | 20.3 | 5.5 | 6 |
| q. Owner's participation/ management/staffing | 7.11 | Not Applicable | 11 and 15 |
| r. Records and reports | 11 | Not Applicable | 6 |
| s. Inspections and audits | 7.7 and 11.4 | Not Applicable | 6 and 11 |
| t. Transfer | 14 | 3.1 | 17 |
| u. Renewal | 2.2 | Not Applicable | 17 |
| v. Post-termination obligations | 16 | Not Applicable | 17 |
| w. Non-competition covenants | 17.2 and 17.3 | Not Applicable | 17 |

| OBLIGATION | SECTION IN FRANCHISE AGREEMENT | SECTION IN MULTI-UNIT OPTION AGREEMENT | DISCLOSURE DOCUMENT ITEM |
|---|---|---|---|
| x. Dispute resolution | 26 | 4 | 17 |
| y. Other (describe) | Not Applicable | Not Applicable | Not Applicable |

## Item 10

## FINANCING

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

## Item 11

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

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

### Pre-Opening Assistance

Franchise Agreement

Before the Franchised Business opens, we may, in our discretion, provide you with the following:

1. Such site selection guidelines as consultation as we deem advisable (Franchise Agreement, Exhibit C, Paragraph 4);

2. Such site evaluations as we deem advisable, which need not be on-site evaluations (Franchise Agreement, Exhibit C, Paragraph 4);

3. Standard architectural plans and specifications for a prototypical Franchised Business (Franchise Agreement, Section 3.1);

4. Initial training (Franchise Agreement, Sections 3.2 and 6);

5. One copy of our Manual (Franchise Agreement, Sections 3.3 and 9);

6. A list of initial equipment for the Franchised Business for purchase from a supplier or Approved Supplier (Franchise Agreement, Section 3.5); and

7. Opening assistance immediately before and/or after the opening of the Franchised Business (Franchise Agreement, Section 3.6).

## Continuing Obligations

Multi-Unit Option Agreement

Under the Multi-Unit Option Agreement, we are not obligated to furnish any assistance to you after the opening of each Franchised Business.

Franchise Agreement

After the Franchised Business opens, we may, in our discretion provide you with the following:

1. Conduct, as we deem advisable, inspections of the Franchised Business premises and your operation of the Franchised Business, at any time and with or without notice to you (Franchise Agreement, Section 3.4);

2. Opening assistance immediately before and/or after the opening of the Franchised Business (Franchise Agreement, Section 3.6);

3. Ongoing advice, assistance, and written materials about new recipes and products, new developments and/or techniques in cooking, cleaning, and food storage, and operation of the Franchised Business (Franchise Agreement, Section 3.7). Among other things, such advice and guidance may include suggesting pricing for certain menu items and/or strategies for use of coupons and other promotions;

4. Administer the PrimoHoagies Brand Fund (Franchise Agreement, Section 3.8); and

5. Designate or approve suppliers who will make available to you for sale, ingredients, supplies, materials, and other products and equipment used or offered for sale at the Franchised Business as we may designate in writing (Franchise Agreement, Section 7.5).

## Pricing

We have the right to determine the prices of the products and services offered and sold by you, which includes the requirement that all menu items and other products must be sold at retail prices and not at wholesale prices or for resale. We also have the right to establish minimum prices and/or maximum prices of the products and services offered and sold by you, to which you must strictly adhere. We retain the right to modify the prices periodically in our reasonable discretion. You must comply with all of our policies regarding advertising and promotion, including the use and acceptance of coupons.

## Advertising Programs

***Advertising.*** You must pay us through ACH the Grand Opening Advertising Fee, which is a lump sum of $15,000 at least 60 days prior to the opening of the Franchised Business, which we will then spend, or expend such sum as we may direct, on local marketing, advertising, and promotion on your behalf as part of a grand opening advertising campaign. The grand opening advertising campaign usually takes place 30-days prior and 60-days' after your opening. If you are purchasing the right to operate an existing PrimoHoagies Restaurant, then you must pay us a reduced Grand Opening Advertising Fee of $10,000 within 60 days of the date that you sign or assume the Franchise Agreement,

which we will then spend on local marketing, advertising, and promotion on your behalf. (Franchise Agreement, Section 12.1). We will expend such funds on your behalf. In addition, you will expend a minimum of one percent (1%) of your Gross Sales, or $9,000 per year, whichever is higher, during the term of the Franchise Agreement on local marketing, advertising, and promotion in such manner and at such times as we direct in the Manual or otherwise in writing. We have the right to require franchisees in different geographical areas to expend different amounts on local marketing, advertising, and promotion. In addition, we may designate during the franchise term which expenditures will, or will not, count toward these advertising expenditures. We also reserve the right, upon notice to you, to directly collect the monthly local advertising requirement from you and spend it on your behalf (Franchise Agreement, Section 12.2.)

All advertising and promotion by you must be in the media and of the type and format as we may approve, including print media, radio, and local promotional events, must be conducted in a dignified manner, and must conform to the standards and requirements we may specify. You must not use any advertising or promotional plans or materials unless and until you have received written approval from us. (Franchise Agreement, Section 12.6.) You must submit to us for our prior approval samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including the Internet) that you wish to use and that we have not prepared or previously approved within the preceding 3 months (except with respect to minimum prices to be charged). You must not use any plans or materials until they have been approved in writing by us. If you do not receive written notice of disapproval from us within 15 days of the date of our receipt of the samples or materials, we will be deemed to have approved them. (Franchise Agreement, Section 12.9.)

***PrimoHoagies Brand Fund.*** You must contribute three percent (3%) of the weekly Gross Sales of the Franchised Business to the PrimoHoagies Brand Fund. (Franchise Agreement, Section 12.3.) PrimoHoagies Restaurants owned and operated by us will be required to contribute to the PrimoHoagies Brand Fund in the same manner, and in the same amounts, as our franchised businesses. Certain franchisees may contribute a different amount to the PrimoHoagies Brand Fund due to special negotiated arrangements.

We have the right to direct all advertising programs including the PrimoHoagies Brand Fund, with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation, with the purpose of such funds to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System and we have no obligation in administering any funds to make expenditures for you or proportionate to your payments and contributions. (Franchise Agreement, Section 12.1.3.)

You agree that the PrimoHoagies Brand Fund may be used to meet any and all costs of maintaining, administering, directing and preparing advertising including, without limitation, the cost of preparing television, radio, magazine and newspaper advertising campaigns and other public relations and promotional activities (both local and national in content), including cause marketing initiatives; employing advertising agencies to assist the PrimoHoagies Brand Fund; paying the cost of salaries, benefits and overhead expenses of our employees and independent contractors who provide services which are related to the PrimoHoagies Brand Fund or to the planning and execution of promotional, advertising and public relation activities; paying the cost of meetings of franchisee groups which advise us on advertising and promotional issues; funding cost of any customer comment card and/or secret shopper program (either internally or externally administered); and providing promotional brochures, in store franchise sales materials and other related marketing materials to franchisees in the System. The PrimoHoagies Brand Fund may be used for such reasonable administrative costs and overhead, if any,

as we may incur in activities reasonably related to the administration or direction of the PrimoHoagies Brand Fund and advertising programs including, without limitation, conducting marketing research, preparing marketing and advertising materials, and collecting and accounting for assessments for the PrimoHoagies Brand Fund. The PrimoHoagies Brand Fund may be used to purchase products and services from us and/or our affiliates, regardless of whether they profit from such transactions. The PrimoHoagies Brand Fund also may be used to pay costs of registering, defending or enforcing our rights to current or future Proprietary Marks, and for other purposes related to the System. (Franchise Agreement, Section 12.2.3.)

You will be required to contribute to the PrimoHoagies Brand Fund by separate checks made payable to "PrimoHoagies Brand Fund." All sums paid by you to the PrimoHoagies Brand Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except that we have the right, in our sole discretion, to be paid up to 10% of the monies received by the PrimoHoagies Brand Fund each year as reimbursement for our activities in directing and managing the PrimoHoagies Brand Fund. (Franchise Agreement, Section 12.3.3.)

Except as indicated above, we will not receive payment for providing goods or services to the PrimoHoagies Brand Fund. We are not obligated, in administering the PrimoHoagies Brand Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or on a pro rata basis from expenditures or activities of the PrimoHoagies Brand Fund. (Franchise Agreement, Section 12.3.1.) Media coverage may be local, regional, and/or national. We may conduct advertising using in-house personnel or by hiring a national or regional advertising agency.

It is anticipated that all contributions to the PrimoHoagies Brand Fund will be expended for their intended purposes during the fiscal year in which contributions are made. To the extent any contributions are not expended by the end of the fiscal year, they will be expended no later than the end of the taxable year following the year of receipt. Although we intend that the PrimoHoagies Brand Fund will be of perpetual duration, we maintain the right to terminate the PrimoHoagies Brand Fund. The PrimoHoagies Brand Fund may not be terminated, however, until all monies in the PrimoHoagies Brand Fund have been expended for advertising and/or promotional purposes or returned to contributors on the basis of their respective contributions. (Franchise Agreement, Section 12.3.5.) The PrimoHoagies Brand Fund is not audited. We do not make financial statements of the fund available for your review, so you have no right to obtain an accounting of the PrimoHoagies Brand Fund. While we do not anticipate that any part of the Fund's contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use include notations on any advertisement indicating "Franchises Available."

In 2025, PrimoHoagies Brand Fund monies were spent as follows: 41.1% on media placement; 10.9% on production; 6.1% on administrative expenses; 6.7% on IT expenses; and 35.2% on other marketing and promotional expenses including sponsorships, customer service, social networking, and our rewards program.

***Advertising Cooperative.*** There is no advertising cooperative in existence at this time, although we reserve the right to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative") in the future, and to determine whether such a Cooperative is applicable to your Franchised Business. If a Cooperative is established in your area before the opening your Franchised Business, you must become a member of the Cooperative no later than 30 days after the opening of your Franchised Business. If a Cooperative is established after the opening of your

Franchised Business, you must become a member of the Cooperative no later than 30 days after the date on which the Cooperative commences operation. If your Franchised Business is within the territory of more than one Cooperative, you are not required to be a member of more than one Cooperative within that territory. (Franchise Agreement, Section 12.4.)

Each Cooperative will be organized and governed in a form and manner, will commence operation on a date, and will operate according to written governing documents, all of which we must approve in advance in writing. We have the power to require Cooperatives to be formed, changed, dissolved, or merged. We can require a Cooperative to prepare annual or periodic financial statements and make them available for review by members of the Cooperative. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without our prior approval. Each Cooperative will have the right to require its members to make contributions to the Cooperative in the amounts as determined by the Cooperative. You will not be required to contribute more than one percent (1%) of your Gross Sales to the Cooperative during any calendar year, unless two-thirds of the members of the Cooperative vote in favor of a greater contribution. We do not limit what cooperative members may vote to contribute. Any contributions you make up to one percent (1%) of your Gross Sales during a single calendar year will be credited towards your minimum local advertising expenditure required under the Franchise Agreement. (Franchise Agreement, Section 12.4.)

There are no advertising councils composed of franchisees that advise us on advertising policies.

***Web Site.*** We have the right to establish and maintain a World Wide Web site, which may promote the Proprietary Marks and/or the System (the "PrimoHoagies Web Site"). We have the sole right to control all aspects of the PrimoHoagies Web Site, including its design, content, functionality, links to other web sites, legal notices, and policies and terms of usage. Except as approved in advance in writing by us, you may not establish or maintain any web site, or otherwise maintain a presence or advertise on the Internet or any other public computer network, in connection with your Franchised Business. If we grant our approval, you must establish and operate the web site in accordance with our standards and policies provided to you in the Manuals or otherwise in writing. (Franchise Agreement, Section 12.5.)

**Computer System**

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Franchised Business; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems, including video surveillance systems (the "Computer System"). (Franchise Agreement, Section 7.18.)

We also have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that you must use in connection with the Computer System (the "Required Software"), which you must install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. (Franchise Agreement, Section 7.18.)

At our request, you must purchase or lease, and maintain, the Computer System and, if applicable, the Required Software. You must use the Computer System and Required Software as we direct, including keeping your video surveillance system active at all times and positioned as we require, in accordance with our standards as described in the Manual or otherwise in writing. We have the right at any time to remotely access, retrieve, and use this data and information from your Computer System or Required Software, including your video surveillance system, as we deem necessary or desirable. You must keep your Computer System in good maintenance and repair and install all additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we may direct in writing, all at your own expense. Your Computer System must be operational before you open your Franchised Business. (Franchise Agreement, Section 7.18.)

We currently require you to purchase or lease the POS hardware, video surveillance system, and software from our Approved Supplier. The POS hardware includes the following components: terminal screen, cash drawer, credit card swipe bar, thermal printer, remote printer and related items. The estimated cost of purchasing the POS hardware and related software is $16,900. We estimate that the video surveillance system will cost approximately $3,600. You must also engage our Approved Supplier to provide certain services in connection with these systems, which currently costs between $4,895 and $6,995 per year. Among other things, the Computer System will be used for point-of-sale transactions and recordkeeping.

Neither we nor any third party is required to provide you with maintenance or support of your system (except for those services that are provided by our Approved Supplier as part of the service contract described in the preceding paragraph). You are solely responsible for maintaining your system and installing any upgrades or updates that we may require. There is no limitation in how often we may require you to upgrade or update your system. We will have independent access to the information and data entered into your computer system, and there is no limitation to how frequently we can access this information.

**Site Selection and Time to Open**

Multi-Unit Option Agreement

Under the Multi-Unit Option Agreement, before your acquisition by lease or purchase of any site for the Franchised Business, you must submit to us, in the form specified by us, a description of the proposed site and such information or materials as we may reasonably require with 60 days of signing a Franchise Agreement for that Franchised Business. We will notify you of our approval or rejection of the site within 30 days after receipt of such information and materials from you. No proposed site will be deemed approved unless it has been expressly approved in writing by us. (Multi-Unit Option Agreement, Section 3.3.)

If you have entered into a Multi-Unit Option Agreement to open and operate multiple PrimoHoagies Restaurants, then your Multi-Unit Option Agreement will include a Development Schedule containing a deadline by which you must have each of the PrimoHoagies Restaurants open and operating. Your Development Schedule may depend on the number of PrimoHoagies Restaurants you are granted the right to open and operate. (Multi-Unit Option Agreement, Section 3.1).

If you fail to open any PrimoHoagies Restaurant within the appropriate time period outlined in the Multi-Unit Option Agreement, we may terminate your Multi-Unit Option Agreement. You will not

have any further development rights upon termination of your Multi-Unit Option Agreement, except to continue operating the Franchised Business(es) that were already open and operating as of the termination date.

Franchise Agreement

You must operate the Franchised Business only at the location approved by us. You may not relocate the Franchised Business without our prior written approval, which we may withhold in our sole discretion. (Franchise Agreement, Section 1.2.) You will have 270 days from the date of the Franchise Agreement to open the Franchised Business for operation, if you have selected an approved site before the execution of the Franchise Agreement. If you sign a Site Selection Addendum to your Franchise Agreement, then you will have 120 days to lease or acquire a location approved by us within the Site Selection Territory specified in the Site Selection Addendum and you must commence operation of the Franchised Business by the earlier of (a) 270 days after the location is approved by us or (b) 10 days after construction is completed and you have received our approval to open the Franchised Business. If you fail to meet any of these deadlines, we have the right to terminate the Franchise Agreement. (Franchise Agreement, Section 5.3.)

If you sign a Site Selection Addendum, you must submit your proposed site to us for approval within 60 days of signing the Franchise Agreement in the manner and form specified in the Franchise Agreement, and we will notify you in writing of its approval or disapproval of your proposed site within 30 days. When we review a proposed site, we will consider factors including general location, neighborhood, traffic patterns, available parking, lot size, physical characteristics of any existing structures, lease terms, and the demographics and psychographics of the surrounding area. (Franchise Agreement, Exhibit C, ¶ 3.)

We will provide such site selection guidelines and consultation we deem advisable, and we will conduct such site evaluations as we deem advisable as part of our evaluation of your request for site approval. However, we are not required to provide on-site evaluations. (Franchise Agreement, Exhibit C, ¶ 4.) Our approval of your proposed site will depend on factors including general location and neighborhood, parking, traffic patterns, size of the building, population, and income levels of surrounding population.

The typical length of time between signing the Franchise Agreement and opening a PrimoHoagies Restaurant is between 30 and 180 days. The time necessary to open your Franchised Business is determined by factors such as the time needed to secure a location, negotiate the lease, obtain required permits, order equipment, schedule and complete the initial training program, construct the restaurant, and complete all leasehold improvements. If we and you cannot agree on a proposed site within 120 days of your signing the Franchise Agreement, then your Franchised Business will not be opened and you will forfeit your Initial Franchise Fee.

**Manual**

You must operate the Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manuals that we provide to you on our web portal for franchisees. We may revise the contents of the Manuals and you must comply with each new or changed standard. The Manuals are approximately 377 pages in length. If you receive a hard copy of the Manual, you must ensure that your copies of the Manual are kept current at all times. The Table of Contents of the Manuals

is attached to this Disclosure Document as Exhibit I and indicates the number of pages devoted to each topic.

**Training Programs**

Our initial training program (the "Initial Training Program") will consist of approximately 150 hours classroom/in-store training and 45.5 hours of virtual training. You (or, if you are a corporation, partnership or limited liability company, then a manager approved by us) and up to one additional individual must attend and successfully complete, to our satisfaction, the Initial Training Program at least 15 days before the Franchised Business opens. Additionally, if you are a corporation, partnership or limited liability company, at least one owner must complete portions of week one and week five of the Initial Training Program. If you own and operate more than one Franchised Business pursuant to a Multi-Unit Option Agreement with us and have hired a manager to manage the day-to-day operations of your Franchised Business, then this manager must be the second individual to attend and successfully complete, to our satisfaction, the Initial Training Program at least 15 days before the Franchised Business opens. We have the right to approve those persons who attend the Initial Training Program. If a principal of Franchisee fails to successfully complete the Initial Training Program, then we will have the right to immediately terminate the Franchise Agreement. (Franchise Agreement, Section 6.1.) If you have been transferred your Franchised Business from us or a former franchisee, then we will provide a modified version of the Initial Training Program to you and one additional personnel, and such training may include fewer hours of training than our standard Initial Training Program.

In addition to the Initial Training Program, before opening the Franchised Business, you and each manager (if applicable) must attend and successfully complete a ServSafe® or comparable food safety certification program, at your expense, to ensure that at least one certified employee is present at the Franchised Business during all business hours. (Franchise Agreement, Section 6.2.) We reserve the right to schedule additional training and refresher courses. You or your designees must attend additional refresher courses, seminars and other training programs as we may reasonably require. (Franchise Agreement, Section 6.3.)

You will not be charged a separate fee for the first two individuals who attend the Initial Training Program, but all additional individuals must pay our then-current training fee. The current training fee for additional attendees is $350 per person and is non-refundable. You are also responsible for all expenses incurred by you and your employees in connection with attending all training programs, including the costs of transportation, lodging, meals, and wages. (Franchise Agreement, Section 6.4.)

The Initial Training Program will be held virtually, at the Franchised Business or at another PrimoHoagies Restaurant designated by us. For all required training courses, seminars, and programs, we will provide instructors and training materials to you. Training materials will include the Manual and other materials. All training is provided under the supervision of Glen Brandeburg, whose experience is listed in Item 2 above. Currently, aside from Mr. Brandeburg, the training team includes the following personnel:

| Name | Title | Experience |
|---|---|---|
| Gregory Campbell | Director of Training | Mr. Campbell has served as a business consultant/trainer since 2023. |

| Name | Title | Experience |
|---|---|---|
| Mike Feliziani | Field Consultant | Mr. Feliziani has served as a business consultant/trainer since 2009. |
| Asim Qamar | VP of Operations | Mr. Qamar has served as VP of Operations since December 2025. |
| Marc Mollo | Director of Operations | Mr. Mollo has served as Dir. Of Operations since February 2020 |
| Katie Licciardello | Field Consultant | Ms. Licciardello has served as a business consultant/trainer since 2021. |
| Billy Jess | Training Consultant | Mr. Jess has served as our Training Consultant since January 2001 |
| Alaynah Hoban | Business Consultant | Ms. Hoban has served as our Business Consultant since May 2023 |
| Jessika Morrow | Business Consultant | Ms. Morrow has served as our Business Consultant since August 2025 |
| Christian Vogler | Business Consultant | Mr. Vogler has served as our Business Consultant since September 2025 |
| Joe Gilligan | Business Consultant | Mr. Gilligan has served as our Business Consultant since July 2024 |
| Mike Feliziani | Business Consultant | Mr. Feliziani has served as our Business Consultant since September 2009 |
| Carla Marchiafava | Business Consultant | Ms. Marchiafava has served as our Business Consultant since March 2026 |

The Initial Training Program includes instruction as outlined in the following table:

**TRAINING PROGRAM**

**Week One - Pre-training**

| Subject | Hours of Class Room Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Food Safety | 8 Hours | 0 Hours | Virtual or on-site |
| Menu/recipe review | 0 Hours | 8 Hours | Virtual |
| Simulated Training videos | 0 Hours | Approx. 8 Hours | Virtual |

| Subject | Hours of Class Room Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Simulated Training videos | 0 Hours | Approx. 8 Hours | Virtual |
| Simulated Training videos | 0 Hours | Approx. 8 Hours | Virtual |

**Weeks Two – Four – Training On-Site**

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Intro, Office and Management | 0.5 Hour | 3.5 Hours | PrimoHoagies training restaurant |
| Simulated Workday – Dressing station | 1 Hour | 30 Hours | PrimoHoagies training restaurant |
| Simulated Workday – Slicing station | 1 Hour | 30 Hours | PrimoHoagies training restaurant |
| Simulated Workday – Front of the house, POS | 1 Hour | 31 Hours | PrimoHoagies training restaurant |
| Simulated Workday – Prep work | 1 Hour | 11 Hours | PrimoHoagies training restaurant |
| Simulated Workday – Catering, sample trays | 0.5 Hour | 4 Hours | PrimoHoagies training restaurant |
| Simulated Workday – Ovens, hot cooking stations | 0.5 Hour | 2 Hours | PrimoHoagies training restaurant |
| Primo Loyalty | 2 Hours | 0 Hours | PrimoHoagies training restaurant |
| Security cameras - Solink | 1 Hour | 0 Hours | PrimoHoagies training restaurant |
| Marketing | 2 Hours | 0 Hours | PrimoHoagies training restaurant |
| Finance / P&L Statement | 2 Hours | 0 Hours | PrimoHoagies training restaurant |
| Third Party ordering portals - EZ Cater, Doordash, Grubhub, UberEats | 3 Hours | 0 Hours | PrimoHoagies training restaurant |
| Weekly vendors/inventory management | 3 Hours | 0 Hours | PrimoHoagies training restaurant |
| Franchisee Dashboard | 2 Hours | 0 Hours | PrimoHoagies training restaurant |

| Subject | Hours of Classroom Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Interview process /hiring /employee orientation | 2 Hours | 0 Hours | PrimoHoagies training restaurant |
| Reporting - Revel MC, Tenzo, Gift Portal | 4 Hours | 0 Hours | POS HQ |
| Bread Production Visit | 3 Hours | 0 Hours | Bakery |

**Week five – Grand Opening Training**

| Subject | Hours of Class Room Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| Pre-Opening Prep | 0 Hours | 16 Hours | On-site |
| Operational training | 0 Hours | 0 Hours | On-Site |
| Manager-Focused Guidance | 8 Hours | 0 Hours | On-Site |
| Marketing & Community Engagement | 0 Hours | 5 Hours | Virtual and On-Site |
| Final Day wrap up | 0 Hours | 0 Hours | On-Site |

## Item 12

## TERRITORY

Franchise Agreement

You must operate the Franchised Business only at the location approved by us (the "Approved Location"). We will grant you rights in a geographic area that will be described in the Franchise Agreement (the "Territory"), which unless otherwise mutually agreed and set forth in the Franchise Agreement will be a 2-mile radius around your Approved Location. During the term of the Franchise Agreement, we will not establish or locate, or license any other person to establish or locate, a PrimoHoagies Restaurant under the System and the Proprietary Marks at any location within the Territory. Selection of territories will be based on: (i) demographics; (ii) population density; (iii) area income statistics; (iv) traffic patterns; (v) area marketing statistics; (vi) competition; and (vii) your choice of Territory based on the Territories that we make available to you.

The Territory granted to each franchisee may differ because of differences in the demographic characteristics of certain areas available as Territories Some franchised businesses, such as those within densely populated areas, will have a smaller territory while others in more remote locations will have relatively large, protected territories. In appropriate instances, such as when no Territory is identified in the Franchise Agreement, a territory will consist of the Approved Location only. You are not guaranteed a minimum territory.

You may not relocate the Franchised Business without our prior written approval. We can withhold our approval of relocation in our sole discretion. If relocation is approved by us, you must pay us a relocation fee of $5,000 and you will be responsible for all costs and expenses incurred by us as a result of your relocation. Our approval of your relocation will be based on such factors as the revenue of the Franchised Business, the location of other franchised and company-owned PrimoHoagies Restaurants, and demographics of the new location. We will not unreasonably withhold or approval of your relocation request, provided the location meets our site selection criteria.

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

Continuation of your territorial rights under the Franchise Agreement does not depend on achieving a certain sales volume, market penetration, or other contingency. We may only reduce or modify your territorial rights upon renewal of the Franchise Agreement or transfer of the Franchised Business.

Multi-Unit Option Agreement

We grant Multi-Unit Option Agreements for the right to own and operate multiple Franchised Businesses according to a mandatory development schedule ("Development Schedule"). Each Franchised Business must be opened pursuant to the Development Schedule and failure to comply with the Development Schedule will result in your loss of the option(s), and any related incentives, and the termination of the Multi-Unit Option Agreement. In the event that you fail to meet the Development Schedule and the Multi-Unit Option Agreement is terminated, you will retain your rights to any individual Franchised Business(es) for which you have (a) executed Franchise Agreements, and (b) made all appropriate payments to us.

In order to exercise your rights to open each Franchised Business under the Multi-Unit Option Agreement, you must: (a) be fully compliant with the terms of the Multi-Unit Option Agreement and any other agreements with us, our affiliates, and our approved and designated suppliers, and have complied with those agreements during their respective terms; (b) not be in default of any Franchise Agreements you enter into during the term of your Multi-Unit Option Agreement; and (c) have satisfied all monetary obligations you owe to us or our affiliates and approved vendors. You must also ensure that neither the Multi-Unit Option Agreement nor any other agreement between you and us has expired or been terminated and sign a general release in our favor. You must meet these conditions at the time of signing Franchise Agreements for Franchised Businesses, seeking lease approval for additional Franchised Businesses, and at the time of requesting permission to open additional Franchised Businesses. We will require you to sign our then-current form of Franchise Agreement for each individual Franchised Business developed under the Multi-Unit Option Agreement, which may be modified to reflect the specific terms of the Multi-Unit Option Agreement.

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

Except as provided above, you will not receive any other options, rights of first refusal or similar rights to acquire additional franchised businesses.

Reserved Rights

We reserve the exclusive right to conduct the following activities under the Franchise Agreement and/or Multi-Unit Option Agreement (as appropriate): (a) to establish and operate, and license others to establish and operate, a PrimoHoagies Restaurant under the System and the Proprietary Marks at any location outside your Territory (as applicable); (b) to sell to, solicit, or direct advertising or promotional materials to customers located in your Territory (as applicable); (c) to establish or acquire and operate any business or restaurant of any kind under different proprietary marks at any location, whether located within or outside your Territory (as applicable) and regardless of the business's proximity to your Territory, the Approved Location (as applicable) or its actual or threatened impact on sales at your Franchised Business; (d) to sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell or distribute, directly or indirectly, any products from any location, other than a PrimoHoagies Restaurant, including sales made at or through retail locations, supermarkets, markets, grocery stores, convenience stores, temporary locations, carts or kiosks, catalogs, mail order, or electronic means (for example, the Internet); (e) to establish and operate, and license other parties to establish and operate, retail food establishments, including PrimoHoagies Restaurant under the System and Proprietary Marks, in your Territory (as applicable) at any existing or future office buildings, indoor shopping malls, retail stores, grocery stores, supermarkets, hospitals, airports, bus and train stations and other transportation terminals, entertainment facilities (including sports stadiums, theatres, and theme parks), rest stops, plazas, and similar locations accessible from limited access or toll highways, and colleges, universities, and other educational institutions; (f) within and outside your Territory (as applicable), to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business or restaurant of any kind, including any business that offers products or services the same as or similar to those offered by you under the System and Proprietary Marks; and (g) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in your Franchise Agreement and, if appropriate, your Multi-Unit Option Agreement.

Neither the Franchise Agreement nor Multi-Unit Option Agreement grants you any right to engage in any of the activities outlined in the preceding paragraph, or to share in any of the proceeds received by us, our affiliates or any third party from these activities, unless we otherwise agree in writing. Further, we have no obligation to provide you any compensation for soliciting or accepting orders (via alternate channels of distribution) within your Designated Territory.

There are no restrictions on our ability to solicit or accept orders from customers inside your Territory (as applicable). We or our affiliate may use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within your Territory using the Proprietary Marks or marks other than the Proprietary Marks. We are not required to pay you any compensation for soliciting or accepting orders from inside your Territory. You are not restricted from soliciting or accepting orders from customers outside your Territory (as applicable), but you are not permitted to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory (as applicable).

Additional Disclosures

Neither the Franchise Agreement nor the Multi-Unit Option Agreement provides you with any right or option to open and operate additional Franchised Businesses (other than as specifically provided for in your Multi-Unit Option Agreement if you are granted multi-unit option rights). Regardless, each

Franchised Business you are granted the right to open and operate must be governed by its own specific form of Franchise Agreement.

We have not established other franchises or company-owned outlets or another distribution channel offering or selling similar products or services under a different trademark. We have not established, nor presently intend to establish, other franchised or company-owned businesses that sell the products and services sold at a PrimoHoagies Restaurant under a different trade name or trademark, but we reserve the right to do so in the future without your consent.

## Item 13

## TRADEMARKS

We grant you a limited, non-exclusive license to use our primary mark "PrimoHoagies" and certain other Proprietary Marks in connection with the operation of your Franchised Business within your Territory, provided you use these Proprietary Marks as outlined in your Franchise Agreement and the Manual. You do not obtain any additional rights to use any of our Proprietary Marks under any Multi-Unit Option Agreement into which you enter.

The following are our primary trademarks that have been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

| Mark | Registration Number | Registration Date |
|---|---|---|
|  | 4,224,512 | October 16, 2012 |
| PRIMOHOAGIES | 3,582,580 | March 3, 2009 |
| PRIMOHOAGIES | 4,256,348 | December 11, 2012 |
| ITS NOT JUST A HOAGIE, ITS A PRIMO! | 4,256,349 | December 11, 2012 |
| OLD FASHIONED STYLE | 4,263,440 | December 25, 2012 |
| PRIMO | 4,416,691 | October 15, 2013 |
| THE DIABLOS | 4,212,911 | September 25, 2012 |

| | | |
|---|---|---|
| OLD FASHIONED STYLE PrimoHoagies ITALIAN SPECIALTY SANDWICHES | 5,824,246 | August 6, 2019 |
| PH | 7,652,312 | January 14, 2025 |

All required affidavits and renewals pertaining to the above registrations have been filed. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state, or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or otherwise. There are no agreements which limit our right to use or license the use of the Proprietary Marks.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Proprietary Marks. The goodwill associated with our Proprietary Marks will remain our exclusive property, and you will receive no tangible benefit from our goodwill, except from the operation or possible sale of the Franchised Business during the term of the Franchise Agreement. Any increase in the goodwill associated with our Proprietary Marks during the term of the Franchise Agreement will benefit us. All rights to use our Proprietary Marks will automatically revert to us without cost and without the execution or delivery of any documents, upon the expiration or termination of your Franchise Agreement.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our affiliate's ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlements. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of such defense, including the cost of any judgment or settlement.

Under no circumstances will we be liable to you for any lost profits, start-up or other expenses, or consequential damages that you may suffer as a result of any limitation or diminishment in the rights that we granted to you to use the Proprietary Marks. If you lose a lawsuit with a party claiming superior rights over use of the Proprietary Marks, we are not responsible to pay for any of your costs associated with your damages including losses that you may have incurred in the process.

We do not actually know of any infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

We reserve the right, at our sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. You are required to comply with any such changes, revisions and/or substitutions, and you must bear the costs of modifying your signs, advertising materials, interior graphics and any other items to conform to our new Proprietary Marks.

We use our rights to the Proprietary Marks in conducting our business and designing the origin or sponsorship of our products and services. We reserve the right to update this list by adding or subtracting Proprietary Marks at any time. The Proprietary Marks are associated with the goods and services to indicate the source and origin. The rights associated with the Proprietary Marks are intended to prevent others from using a confusingly similar mark but not to prevent others from making the same goods or providing the same services or from selling them under a non-confusing mark.

We seek to protect the integrity of our Proprietary Marks and preserve our rights to label our business, products and services with the Proprietary Marks so as to avoid consumer confusion and to distinguish our products and services from those of our competitors. For this reason, we place certain restrictions on your use of the Proprietary Marks. These restrictions are necessary to ensure that our Proprietary Marks are not diluted or subject to disrepute in the course of your use of the Proprietary Marks and that our right in and ownership of the Proprietary Marks are preserved.

Your use of the Proprietary Marks must display in every instance the appropriate trademark notice. The notice must be as follows: (i) Registered U.S. Patent & Trademark Office, (ii) ®, (iii) Servicemark of PrimoHoagies, (iv) TM, or (v) other similar language as we may approve.

You must clearly identify the Franchised Business as being operated as an independent Franchised Business on the basis of a license that we have provided for you. Identification must be clearly indicated on your business checks, stationary, purchase orders, business cards, receipts, telephone and directory listings, advertising, signs, displays identifying the business promotional materials and all other documents which bear the Proprietary Marks which we own. You must pay the cost of displaying this information. You must not use any language or display the marks in a way as to create the impression that the Proprietary Marks belong to you. You will waive all claims to any rights in the advertising or display of the Proprietary Marks beyond the limited permission to use the Marks granted in the Franchise Agreement. The rights granted in the Franchise Agreement will be limited to your right to use the Proprietary Marks to identify and advertise your Franchised Business including the use of our Proprietary Marks on invoices, order forms, stationary, telephone and directory listings, advertising, signs and products which we supply.

We will have the right to remove any unapproved signs from the Franchised Business premises or remove any unapproved advertising without incurring any costs for those items and without being deemed guilty for trespass or any other tort. You must conform to the common image and identity created by the services/products sold and associated with our Proprietary Marks as portrayed by the PrimoHoagies training manual.

You may not use all or any portion of our Proprietary Marks as part of your company name and, without our prior written consent, as part of your trade name or "d/b/a". You may not modify the

Proprietary Marks with words, designs or symbols, except those that we license to you. You may not use our Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your managers (if applicable) will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in our Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of our franchise System, or contest our sole right to register, use, or license others to use, our Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term "PrimoHoagies" or any similar phrase.

In order to maintain the quality reputation and the rights in the Marks, all goods and services and promotional packages or material relating to the goods and services that contain the Proprietary Marks must receive our approval in the manner provided in the Franchise Agreement. We will grant or withhold our approval in our sole discretion.

## Item 14

## PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

### Patents and Copyrights

We do not own any registered patents or pending patent applications that are material to the franchise. We do, however, claim common law copyright and trade secret protection for several aspects of the franchise System including the Manual, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We may revise our franchise system and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

### Confidential Operating Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate your Franchised Business in accordance with the standards, methods, policies, and procedures specified in the Manual. Upon your completion of our initial training program to our satisfaction, we will provide you access to the Manual for the term of your Franchise Agreement.

The Manual may consist of multiple volumes of printed text or electronically stored data, and may contain information related to ingredients, recipes, restaurant operations, and restaurant management. We may provide a portion or all of the Manuals (including updates and amendments), and other instructional information and materials, in or via electronic media, including through the Internet. Currently, we provide you with access to the Manual through our designated franchisee web portal.

You must treat the Manual, any other manuals created for or approved for use in the operation of the Franchised Business, and the information contained in the Manual, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy,

duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

We may revise the contents of the Manual at any time, and you must comply with each new or changed standard. You must ensure that the Manual are kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

**Confidential Information**

All data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information (collectively "Customer Information") are our trade secrets and confidential information. You must not, during and after the term of the Multi-Unit Option Agreement or Franchise Agreement, communicate, divulge, or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge, or know-how concerning the methods of operation of the business franchised under the Franchise Agreement, including, the Customer Information, the Manuals, recipes, cooking methods, preparation of menu items, drawings, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, management tools, or advertising which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Multi-Unit Option Agreement or Franchise Agreement (collectively, "Confidential Information"). You are prohibited from disclosing Customer Information and our other proprietary information, trade secrets, and Confidential Information to third parties, including entering such information into public/open AI models or any other AI model that uses such information to train the AI unless specifically authorized by us, and you must adhere to any privacy policies we may now, or in the future, establish with respect to Customer Information. You may divulge Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

You must require your manager (if applicable) and any personnel having access to any of our Confidential Information to sign our then-current form of confidentiality and non-competition Agreement that is attached to the Franchise Agreement as Exhibit E, under which these individuals agree that they will maintain the confidentiality of information they receive in connection with their employment and restrict their right to work for a competitor while they are employed by you. This confidentiality agreement, which will be in a form that we prescribe, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

## Item 15

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

During the term of your Franchise Agreement, you (or, if you are a corporation, partnership or limited liability company, at least one of your principals approved by us) must devote full time, energy, and best efforts to the management and operation of the Franchised Business, including dedicating at least 40 hours per week to the on-premises management of the Franchised Business. If you own more

than one PrimoHoagies Restaurant, then you must dedicate a total of at least 40 hours per week to the on-premises management of all of the PrimoHoagies Restaurants that you own and operate and you must also have a fully trained manager dedicate at least 40 hours per week to the on-premises management of each PrimoHoagies Restaurant. This individual must successfully complete the Initial Training Program, take an active role in the operation of the Franchised Business, and be on the premises operating the Franchised Business during peak hours of operation.

The Franchised Business must at all times be under the direct, on-premises supervision of you, your principal (if you are an entity), or another individual who has satisfactorily completed the training required under the Franchise Agreement or as otherwise specified by us in writing, whom we reserve the right to approve in our sole discretion. However, if you own and operate only one Franchised Business, then you may not hire a manager to handle the on-premises management and must complete this role yourself. In addition, you must maintain a competent, conscientious, trained staff to operate the Franchised Business. You must also ensure that at least one employee who has attended and successfully completed the ServSafe® or comparable food safety certification program is present at the Franchised Business during all business hours.

It is important to note that we are not your employer and that you will have the right to control all decisions related to recruiting, hiring or firing any personnel, including any managers. Please note that nothing in this Disclosure Document or any agreement you enter into with us will create any type of employer or joint employer relationship between (a) you and/or your personnel, and (b) us.

At our request, you must obtain and furnish to us signed confidentiality and non-competition agreements (attached as Exhibit E to the Franchise Agreement and Multi-Unit Option Agreement) from your manager and other personnel having access to our confidential information by virtue of their relationship with you. All principals of the Franchisee will be required to personally guarantee all of the obligations of the Franchisee under the Franchise Agreement. All principals of the Developer will be required to personally guarantee all of the obligations of the Franchisee under the Multi-Unit Option Agreement.

## Item 16

## RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must: (1) sell or offer for sale only those menu items, products, merchandise, and services as we have expressly approved for sale in writing; (2) sell or offer for sale all types of menu items, products, services, and merchandise that we specify; (3) refrain from any deviation from our standards and specifications without our prior written consent; and (4) discontinue selling and offering for sale any menu items, products, merchandise, and services which we may, in our discretion, disapprove in writing at any time. We may supplement, revise and/or modify the products sold or offered at the Franchised Business as we deem appropriate from time to time, as well as our standards and specifications associated with the provision of these products/services. These changes will be outlined in the Manual or otherwise in writing, and there are no contractual limitations on our right to make these types of changes.

## Item 17

## RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

## THE FRANCHISE RELATIONSHIP

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

**Franchise Agreement**

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| a. Length of the franchise term | Section 2.1 | Ten (10) years from date Franchise Agreement is signed. |
| b. Renewal or extension of the term | Section 2.2 | If you satisfy the requirements listed in (c) below, you can renew for two, additional 5-year terms. |
| c. Requirements for franchisee to renew or extend | Section 2.2 | In order to renew (which means renewing your franchise relationship with us), you must: give timely notice; renovate, update, remodel and refurbish the physical premises to current System standards prior to the renewal date; not be in default (or have been in default); have satisfied all monetary obligations; have right to possess premises; sign then-current franchise agreement (which may contain materially different terms and conditions than your initial Franchise Agreement); sign a general release; comply with training requirements; pay a renewal fee of $5,000; be current on all obligations to your landlord, suppliers, and others with whom you do business. |
| d. Termination by franchisee | None | Not applicable. |
| e. Termination by franchisor without cause | None | Not applicable. |
| f. Termination by franchisor with cause | Section 15 | We have the right to terminate with cause. |
| g. "Cause" defined – curable defaults | Section 15.3 | You have 30 days to cure: non-compliance with the Franchise Agreement (except those defaults listed in (h) below); failure to maintain prescribed specifications, standards, or procedures; failure to obtain our prior written approval or consent; failure to comply with all applicable laws, rules, and regulations; and others.<br><br>You have fewer than 30 days to cure other specific defaults as follows: nonpayment of monies or non-submission of reports (15 days); failing to stock required inventory (2 days); failure to follow required recipes (2 days); violations of health and safety codes (24 hours); actions inconsistent with or contrary to your lease (7 days); using confusingly similar names or marks (7 days). |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| h. "Cause" defined – non-curable defaults | Sections 15.1, 15.2 | Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure, or other similar filings or proceedings; final or unsatisfied judgments; failure to locate a site or to open for business; failure to complete training; abandonment; loss of premises; conviction of a crime; health or safety violations; unapproved transfers; approved transfer not timely effected; failure to comply with covenants; unauthorized disclosure of confidential information; maintain false books or submit false reports; trademark misuse; refusal to permit inspections; failure to timely cure a default; repeated defaults even if cured; closure of the Franchised Business due to a government authority, including, but not limited to public health and safety authorities; material breach or termination of any other agreement between you and us; and others. |
| i. Franchisee's obligations on termination/non-renewal | Section 16 | Obligations include: cease operations of the Franchised Business; de-identification; assignment of right to possess premises; payment of amounts due to us and our affiliates; payment of liquidated damages; return Manuals and all other confidential information; sell to us products, furnishings, equipment, signs, fixtures, stationery, forms, packaging, and advertising materials at our option; compliance with post-termination non-competition agreement; and others. |
| j. Assignment of contract by franchisor | Section 14.1 | No restriction on our right to transfer or assign the Franchise Agreement. |
| k. "Transfer" by franchisee – defined | Section 14.2 | Includes transfer of Franchise Agreement, any direct or indirect interest in the Franchisee (if a corporation or partnership), or all or substantially all of the assets of the Franchised Business. |
| l. Franchisor approval of transfer by franchisee | Sections 14.2, 14.3 | All transfers require our prior written consent, which will not be unreasonably withheld. |
| m. Conditions for franchisor approval of transfer | Section 14.3 | Conditions of approval include: timely written notification to us of the proposed transfer; our prior written consent; your monetary and other obligations have been satisfied; you are not in default of any provision of any agreement with us or our affiliates; transferor signs a general release; transferor renovates, remodels and refurbishes the physical premises to current System standards prior to the transfer date; transferee enters into a written assignment and guaranty, if applicable; transferee meets our qualifications; transferee signs our then-current form of franchise agreement; you remain liable for all of the obligations to us which arose before the transfer and which extend beyond the term of the Franchise Agreement, and you sign all instruments which we reasonably request to evidence this liability; transferee completes all required training programs; you pay a transfer fee; transferee pays $10,000 grand opening advertising and promotion fee within 60 sixty days of after assuming franchise rights; we have has been offered right to assume controlling interest of transferor (see (n) below); transferee acquires all of your rights and obligations under any franchise agreements to which you are a party; and others. |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| n. Franchisor's right of first refusal to acquire franchisee's business | Section 14.5 | We have a right of first refusal for any proposed transfer of interest. |
| o. Franchisor's option to purchase franchisee's business | Sections 16.4, 16.10 | Upon termination or expiration of your Franchise Agreement, we have the option, but not the obligation, to purchase your equipment, signs, and fixtures at fair market value or at 40% of your original investment, exclusive of supplies and inventory, whichever is less; we also have the option to have you assign your lease to us. |
| p. Death or disability of franchisee | Section 14.6 | Upon the death or incapacity of any person holding any interest in the Franchise Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, an approved transfer must occur within 3 months. |
| q. Non-competition covenants during the term of the franchise | Section 17.2 | During the term of the Franchise Agreement, you may not own, maintain, operate, engage in, act as consultant for, perform, services for, or have any interest in any retail business which is substantially similar to a PrimoHoagies Restaurant or sells hoagies, cheesesteaks or other deli or specialty sandwiches. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 17.3 | For 2 years after termination or expiration of the Franchise Agreement, you may not own, maintain, operate, engage in, act as consultant for, perform, services for, or have any interest in any retail business which (1) is substantially similar to a PrimoHoagies Restaurant or sells hoagies, cheesesteaks or other deli or specialty sandwiches, and (2) is located within your Territory, within 5 miles of your Territory, or within 10 miles of any PrimoHoagies Restaurant. |
| s. Modification of the agreement | Section 24 | All amendments, changes, or variances from the Franchise Agreement must be in writing. |
| t. Integration/merger clause | Section 24 | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the disclosure document and Franchise Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Sections 26.2, 26.3 | You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.<br><br>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at Franchisor's then-current corporate headquarters. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. |

| PROVISION | SECTION IN FRANCHISE AGREEMENT | SUMMARY |
|---|---|---|
| v. Choice of forum | Sections 26.4, 26.5 | Subject to Sections 26.3 and 26.4 of the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement must be initiated and litigated to conclusion (unless settled) in the state court closest to our corporate headquarters or, if appropriate, the United States District Court for the District of New Jersey. (subject to applicable state law) |
| w. Choice of law | Section 26.1 | All disputes will be governed by the laws of New Jersey. The rules may be different in your state. (subject to applicable state law) |

**Multi-Unit Option Agreement**

| PROVISION | SECTION IN MULTI-UNIT OPTION AGREEMENT | SUMMARY |
|---|---|---|
| a. Length of the Term | Section 3.2 | The term begins upon execution of the Multi-Unit Agreement and ends on the last day of the calendar month that the final franchised business is required to be opened and operating under the Development Schedule, or upon execution of the lease for the final Franchised Business under the Multi-Unit Agreement, whichever occurs sooner. |
| b. Renewal or Extension of the Term | Not Applicable | Not Applicable |
| c. Requirements for Franchisee to Renew or Extend | Not Applicable | Not Applicable |
| d. Termination by Franchisee | Not Applicable | Not Applicable |
| e. Termination by Franchisor Without Cause | Not Applicable | Not Applicable |
| f. Termination by Franchisor With Cause | Section 3.3 | We have the right to terminate with cause. |
| g. "Cause" Defined – Curable Defaults | Section 3.3 | The Multi-Unit Agreement will terminate upon notice if you fail to qualify to exercise your option or you fail to exercise timely and meet any of the Opening Deadlines. |

| PROVISION | SECTION IN MULTI-UNIT OPTION AGREEMENT | SUMMARY |
|---|---|---|
| h. "Cause" Defined – Non-Curable Defaults | Section 3.3 | The Multi-Unit Agreement will automatically terminate without notice or an opportunity to cure if: (i) if you become insolvent or are adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit or creditors or a receiver is appointed by you; (ii) if any franchise agreement that is entered into under the Multi-Unit Agreement is terminated or subject to termination by us, pursuant to the terms of that franchise agreement; or (iii) if you fail to meet your Development Schedule. |
| i. Franchisee's Obligations on Termination/Non-Renewal | Not applicable | Not applicable |
| j. Assignment of Contract by Franchisor | Section 3.1 | Fully transferable by us |
| k. "Transfer" by Franchisee – Defined | Section 3.1 | A transfer will occur if you sell, transfer, or assign any right granted under the Multi-Unit Agreement. Notwithstanding, if you are an individual or a partnership, you have the right to assign your rights under the Multi-Unit Agreement to a corporation or limited liability company that is wholly owned by you according to the same terms and conditions as provided in the first franchise agreement you sign under the Multi-Unit Agreement. |
| l. Franchisor Approval of Transfer by Franchisee | Section 3.1 | You may not transfer any rights in the Multi-Unit Agreement without our prior written consent. We have the right to condition our approval of any sale, transfer, assignment or encumbrance as described below. |
| m. Conditions for Franchisor Approval of Transfer | Section 3.1 | Your rights under the Multi-Unit Agreement are personal to you and you may not sell, transfer, or assign any right granted under it without our prior written consent, which may be withheld in our sole discretion. |
| n. Franchisor's Right of First Refusal to Acquire Franchisee's Business | Not applicable | Not applicable |
| o. Franchisor's Option to Purchase Franchisee's Business | Not applicable | Not applicable |
| p. Death or Disability of Franchisee | Not applicable | Not applicable |
| q. Non-Competition Covenants During the Term of the Franchise | Not applicable | Nothing in addition to the requirements under the Franchise Agreement. |

| PROVISION | SECTION IN MULTI-UNIT OPTION AGREEMENT | SUMMARY |
|---|---|---|
| r. Non-Competition Covenants After the Franchise Is Terminated or Expires | Not applicable | Nothing in addition to the requirements under the Franchise Agreement. |
| s. Modification of the Agreement | Section 5.14 | The Multi-Unit Option Agreement may only be modified or amended in writing signed by all parties. |
| t. Integration / Merger Clause | Section 5.14 | Only the terms of the Multi-Unit Option Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Multi-Unit Option Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Sections 4.2 and 4.3 | You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.<br><br>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at Franchisor's then-current corporate headquarters. You must notify us of any potential disputes and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation. |
| v. Choice of forum | Section 4.4 | Subject to the other dispute resolution provisions set forth in the Franchise Agreement, all claims and causes of action arising out of the Franchise Agreement or Multi-Unit Option Agreement must be initiated and litigated to conclusion (unless settled) in the state court closest to Franchisor's headquarters or, if appropriate, the United States District Court for the District of New Jersey.<br><br>(subject to state law) |
| w. Choice of Law | Section 4.1 | All disputes will be governed by the laws of New Jersey. The rules may be different in your state. Please refer to the state specific addenda for more information. (subject to state law) |

## Item 18

## PUBLIC FIGURES

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

## Item 19

## FINANCIAL PERFORMANCE REPRESENTATIONS

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

**Historical Financial Performance Representations**

*A. Average Annual Gross Sales*

The table below provides the average and median annual gross sales for the 81 franchised locations (the "Designated Restaurants") that were open for the entire period between January 1, 2025, and December 31, 2025 (the "Measurement Period"). We have excluded thirty-three (33) restaurants that were either: (i) not open for the Measurement Period; (ii) terminated; (iii) transferred; or (iv) not operational on a full-time basis year-round due to either a seasonal or non-traditional location.

| Average Gross Sales During the Measurement Period | Median Gross Sales During the Measurement Period |
|---|---|
| $927,299 | $871,099 |

"Gross Sales" means all revenues generated by the Franchised Business conducted upon, from or with respect to the Franchised Business, whether such sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales includes monies or credit received from the sale of products, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the Franchised Business, including such off-premises services as delivery and catering. Gross Sales does not include the sale of all food and beverage products for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the Franchised Business, any sales taxes or other taxes collected from customers by you and paid directly to the appropriate taxing authority, any reduction in revenue due to discounts, or any amounts paid to employees as approved compensation for meals.

This financial performance representation is based on the information provided to us by the Designated Restaurants directly through their electronic point-of-sale systems. The products sold at all of the Designated Restaurants are substantially the same as those that will be offered at the Franchised Business.

During the Measurement Period, the number of Designated Restaurants that attained or exceeded the average gross sales figures stated in the table was 34, or 42% of the total number of Designated Restaurants. The Gross Sales figures contained in this Item 19 are the Gross Sales of existing restaurants that have been open for at least 12 months in 2025. The Designated Restaurant with the highest Gross Sales reported $1,946,313 in 2025 annual sales, and the Designated Restaurant with the lowest Gross Sales reported 2025 annual sales of $454,659. The top 25% of the Designated Restaurants averaged

$$1,348,351 in 2025 annual sales, which 7 of 20 (35%) exceeded, with a median sales figure of $1,278,201. Our lowest performing 25% of the Designated Restaurants averaged $618,627, which 13 of 21 (62%) exceeded, with a median sales figure of $633,185.

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

*B. Certain Costs and Expenses*

The table below provides certain costs and expenses as a percentage of gross sales for the Designated Restaurants. The cost and expenses information was obtained from each Designated Restaurants' point-of-sales systems and vendor purchases.

**All Designated Restaurants**

| Cost or Expense | Average Percentage of Gross Sales | Number Meeting or Exceeding the Average | Median Percentage of Gross Sales |
|---|---|---|---|
| All Provisions | 24.67% | 54 (45%) | 24.34% |
| Bread | 6.07% | 47 (39%) | 5.93% |
| Beverages | 1.68% | 54 (45%) | 1.61% |
| Chips | 2.42% | 59(49%) | 2.39% |
| Restaurant Supplies | 2.00% | 40 (33%) | 1.80% |

Written substantiation of the data used in preparing this financial performance representation will be made available to you upon reasonable written request.

Other than the preceding financial performance representation, PrimoHoagies Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Nicholas Papanier Jr., 610 Ryan Avenue, Unit V4, Westville, NJ 08093, (856) 432-2274, the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table 20.1**
**SYSTEMWIDE OUTLET SUMMARY**
**FOR YEARS 2023 TO 2025**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| Franchised | 2023 | 93 | 109 | +16 |
| | 2024 | 109 | 112 | +3 |
| | 2025 | 112 | 114 | +2 |

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| | | | | |
| Company-Owned* | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 6 | +6 |
| | 2025 | 6 | 11 | +5 |
| | | | | |
| **Total Outlets** | 2023 | **93** | **109** | **+16** |
| | 2024 | **109** | **118** | **+9** |
| | 2025 | **118** | **125** | **+7** |

***** Our company-owned locations were owned and operated by our affiliate, PHAC1, LLC.

**Table 20.2**
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**
**(OTHER THAN THE FRANCHISOR)**
**FOR YEARS 2023 TO 2025**

| State | Year | Number of Transfers |
|---|---|---|
| Delaware | 2023 | 0 |
| | 2024 | 1 |
| | 2025 | 0 |
| | | |
| Florida | 2023 | 0 |
| | 2024 | 1 |
| | 2025 | 1 |
| | | |
| Maryland | 2023 | 1 |
| | 2024 | 1 |
| | 2025 | 0 |
| | | |
| New Jersey | 2023 | 3 |
| | 2024 | 5 |
| | 2025 | 7 |
| | | |
| Pennsylvania | 2023 | 4 |
| | 2024 | 13 |
| | 2025 | 9 |
| | | |
| South Carolina | 2023 | 1 |
| | 2024 | 0 |
| | 2025 | 0 |
| | | |
| **Total** | **2023** | **9** |
| | **2024** | **21** |
| | **2025** | **17** |

**Table 20.3**
**STATUS OF FRANCHISED OUTLETS**
**FOR YEARS 2023 TO 2025**

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewal | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| Colorado | 2023 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | | | | | | | | |
| Delaware | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | | | | | | | | |
| Florida | 2023 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 2 | 0 | 0 | 2 | 0 | 3 |
| | 2025 | 3 | 0 | 1 | 0 | 0 | 1 | 2 |
| | | | | | | | | |
| Louisiana | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2024 | 1 | 0 | 0 | 0 | 1 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| Maryland | 2023 | 4 | 0 | 0 | 0 | 0 | 2 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | | | | | | | | |
| Massachusetts | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | | | | | | | | |
| New Jersey | 2023 | 29 | 7 | 0 | 0 | 0 | 0 | 36 |
| | 2024 | 36 | 0 | 0 | 0 | 3 | 0 | 33 |
| | 2025 | 33 | 0 | 0 | 0 | 0 | 0 | 33 |
| | | | | | | | | |
| New York | 2023 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 2 | 0 | 0 | 0 | 0 | 4 |
| | | | | | | | | |
| North Carolina | 2023 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2024 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | 2025 | 3 | 2 | 0 | 0 | 0 | 2 | 3 |
| | | | | | | | | |

| State | Year | Outlets at Start of Year | Outlets Opened | Terminations | Non-Renewal | Reacquired by Franchisor | Ceased Operations – Other Reasons | Outlets at End of Year |
|---|---|---|---|---|---|---|---|---|
| Pennsylvania | 2023 | 52 | 4 | 0 | 0 | 0 | 0 | 56 |
| | 2024 | 56 | 4 | 1 | 0 | 0 | 0 | 59 |
| | 2025 | 59 | 6 | 0 | 0 | 3 | 1 | 61 |
| | | | | | | | | |
| South Carolina | 2023 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | 2025 | 2 | 1 | 0 | 0 | 2 | 0 | 1 |
| | | | | | | | | |
| Texas | 2023 | 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| | 2024 | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | 2025 | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | | | | | | | | |
| **Total** | **2023** | **93** | **18** | **0** | **0** | **0** | **2** | **109** |
| | **2024** | **109** | **10** | **1** | **0** | **6** | **0** | **112** |
| | **2025** | **112** | **11** | **0** | **0** | **5** | **4** | **114** |

**Table 20.4**
**STATUS OF COMPANY-OWNED OUTLETS**
**FOR YEARS 2023 TO 2025**

| State | Year | Outlets at Start of Year | Outlets Opened | Outlets Reacquired from Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| Colorado | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 2 | 0 | 2 | 0 |
| | | | | | | | |
| Florida | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 2 | 0 | 0 | 2 |
| | 2025 | 2 | 0 | 0 | 0 | 0 | 2 |
| | | | | | | | |
| Louisiana | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 1 | 0 | 0 | 1 |
| | 2025 | 1 | 0 | 0 | 0 | 0 | 1 |
| | | | | | | | |
| New Jersey | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 3 | 0 | 0 | 3 |
| | 2025 | 3 | 0 | 2 | 0 | 2 | 3 |
| | | | | | | | |
| Pennsylvania | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 4 | 0 | 1 | 3 |
| | | | | | | | |
| South Carolina | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 2 | 0 | 0 | 2 |
| | | | | | | | |
| **Total** | **2023** | **0** | **0** | **0** | **0** | **0** | **0** |
| | **2024** | **0** | **0** | **6** | **0** | **0** | **6** |
| | **2025** | **6** | **0** | **10** | **0** | **5** | **11** |

**Table 20.5**
**PROJECTED OPENINGS**
**AS OF DECEMBER 31, 2025**

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| Delaware | 1 | 3 | 0 |
| Massachusetts | 0 | 0 | 0 |
| New Jersey | 2 | 5 | 0 |
| New York | 0 | 0 | 0 |
| North Carolina | 1 | 1 | 0 |
| Pennsylvania | 4 | 5 | 0 |
| South Carolina | 1 | 2 | 0 |
| **TOTAL** | **9** | **16** | **0** |

Attached to this Disclosure Document as Exhibit G is a list of all current franchised PrimoHoagies locations, including names, business addresses, and telephone numbers as of December 31, 2025, as well as a list of all franchisees that had signed franchise agreements but not yet opened. Also attached to this Disclosure Document as Exhibit H is a list identifying the names, city and state, and current business telephone number (or, if unknown, last known home telephone number) of any franchisees who ceased to do business under the Franchise Agreement or had an outlet terminated, canceled, not renewed, or transferred within the last fiscal year, or have not communicated with us within 10 weeks of the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years certain franchisees have signed confidentiality clauses that restrict their ability to speak with you about their franchised business. There are currently no trademark-specific franchisee organizations that have been created, sponsored, or endorsed by us or that have asked us to include information about them in our current Franchise Disclosure Document.

## Item 21

## FINANCIAL STATEMENTS

Attached, as Exhibit E, is a copy of our audited financial statements as of December 31, 2025, December 31, 2024, and December 31, 2023. Our fiscal year end is December 31.

## Item 22

## CONTRACTS

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

| | |
|---|---|
| Franchise Agreement | Exhibit C |
| Multi-Unit Option Agreement | Exhibit D |
| General Release | Exhibit J |

## Item 23

## RECEIPTS

Exhibit K to this Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Disclosure Document by a prospective franchisee. You should sign both copies of the receipt. You should retain one signed copy for your records and return the other signed copy to Nicholas Papanier Jr., PrimoHoagies Franchising, LLC, 610 Ryan Avenue, Unit V4, Westville, NJ 08093, (856) 432-2274.

# EXHIBIT A

## LIST OF STATE ADMINISTRATORS

California
Depart. of Financial Protection and Innovation
320 West 4th Street
Suite 750
Los Angeles, California 90013
1-866-275-2677

Hawaii
Business Registration Division Securities Compliance
Department of Commerce and Consumer Affairs
335 Merchant Street
Honolulu, Hawaii 96813

Illinois
Office of Attorney General
Franchise Division
500 South Second Street
Springfield, Illinois 62706

Indiana
Secretary of State
Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky
Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland
Office of the Attorney General
Division of Securities
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota
Department of Commerce
85 7th Place East
Suite 500
St. Paul, Minnesota 55101-2198

Nebraska
Department of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
PO Box 95006
Lincoln, NE 68508

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

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

Rhode Island
Associate Director & Superintendent of Securities
Department of Business Regulation
Securities Division
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, RI 02920

South Dakota
Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Texas

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue, Suite 300

Division of Securities
Department of Financial Institutions
Statutory Document Section
Secretary of State
P.O. Box 13550
Austin, Texas 78711

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
Ninth Floor
1300 East Main Street
Richmond, Virginia 23219

Washington
Department of Financial Institutions
Securities Division
P.O. Box 98508
Olympia, WA98504-1200

Wisconsin
Administrator
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

# EXHIBIT B

## LIST OF AGENTS FOR SERVICE OF PROCESS

California
Commissioner of Department of
Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013
1-866-275-2677

Hawaii
Commissioner of Securities of the State of
Hawaii
Department of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 203
Honolulu, HI 96813

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

Indiana
Secretary of State
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Kentucky
Commonwealth of Kentucky
Office of the Attorney General
Consumer Protection Division
1024 Capital Center Drive
P.O. Box 2000
Frankfort, Kentucky 40602

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020

Michigan
Michigan Department of Attorney General
Consumer Protection Division
Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota
Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198

Nebraska
Nebraska Department of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
PO Box 95006
Lincoln, NE 68508

New York
Secretary of State
99 Washington Ave
Albany, NY 12231-0001

North Dakota
Insurance Commissioner
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505

Rhode Island
Director of Business Regulation
Department of Business Regulation
John O. Pastore Center, Building 69-1
1511 Pontiac Avenue
Cranston, RI 02920

South Dakota
Department of Labor and Regulation
Division of Securities
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Texas
Statutory Document Section
Secretary of State
P.O. Box 13550
Austin, Texas 78711

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

Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501

Wisconsin
Administrator
Division of Securities
Department of Financial Institutions
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703

# EXHIBIT C

# PRIMOHOAGIES FRANCHISE AGREEMENT

# PRIMOHOAGIES RESTAURANT

# FRANCHISE AGREEMENT

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**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into on _____, 20__, by and between PrimoHoagies Franchising, LLC, a Delaware limited liability company with its principal place of business at 610 Ryan Ave, Unit 4, Westville, NJ 08093 ("Franchisor"), and _____, an individual residing at _____, or _____, a _____ with its principal place of business at _____ ("Franchisee").

**RECITALS:**

**WHEREAS**, Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive format and system (the "System") relating to the establishment and operation of PrimoHoagies restaurants, which are quick service restaurants that serve a variety of "hoagie" sandwiches, using high-quality meats and cheeses, salads, with fresh high-quality produce, assorted side dishes and soft drinks, and such other menu items as Franchisor may designate from time to time, under the trade name "PrimoHoagies," all of which Franchisor may change from time to time;

**WHEREAS**, the distinguishing characteristics of the System include, without limitation: distinctive exterior and interior designs, décor, graphics displays, fixtures, and furnishings; standards and specifications for the preparation of food products; uniform standards; specifications and procedures for operations and eat-in, take-out, delivery, and catering food services; training and assistance; customer development and service techniques, and advertising and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time;

**WHEREAS**, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited to, "PrimoHoagies," as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System (collectively, the "Proprietary Marks");

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

**WHEREAS**, Franchisee desires to enter into the business of operating a PrimoHoagies restaurant under Franchisor's System and Proprietary Marks, and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and

**WHEREAS**, Franchisee understands and acknowledges the importance of Franchisor's high standards of quality, cleanliness, appearances, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

**NOW, THEREFORE,** the parties, in consideration of the undertakings and commitments of each party to the other party set forth herein, agree as follows:

## 1. GRANT

1.1 Grant of Franchise. Franchisor grants to Franchisee the right, and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate a PrimoHoagies restaurant under the Proprietary Marks and the System (the "PrimoHoagies Restaurant" or "Franchised Business"), and to use the Proprietary Marks and the System, as they may be changed and improved from time to time at Franchisor's sole discretion, solely in connection therewith and only at the location set forth in Section 1.2 hereof.

1.2 Approved Location. Franchisee shall operate the PrimoHoagies Restaurant only at the location approved by Franchisor as set forth in Exhibit B attached hereto (the "Approved Location"). If, at the time of execution of this Agreement, a location for the PrimoHoagies Restaurant has not been both obtained by Franchisee and approved by Franchisor, Franchisee shall lease or acquire a location within one hundred twenty (120) days after the date of this Agreement, subject to Franchisor's approval, as provided for in the Site Selection Addendum attached hereto as Exhibit C. You must strictly follow Franchisor's New Restaurant Development Policy, and other site selection process and procedures as Franchisor sets forth in the Operations Manual or other written policies. Franchisee shall not relocate the PrimoHoagies Restaurant without the prior written approval of Franchisor. Franchisor shall have the right, in its sole discretion, to withhold approval of relocation. If relocation is approved by Franchisor, Franchisee must pay to Franchisor a relocation fee of Five Thousand Dollars ($5,000) and shall also be responsible for all costs and expenses incurred by Franchisor as a result of Franchisee's relocation. In such circumstance, Franchisee must procure a site acceptable to Franchisor at least 90 days prior to closing operations at Franchisee's current Franchised Business, and open for business at the new approved location within 30 days of closing business at the current Franchised Business. Franchisee is responsible for paying Royalty and other fees due under this Agreement, as calculated on a rolling 12-month basis, during any transitional period. If Franchisee relocates its Franchised Business without Franchisor's prior written consent, Franchisor will have the right to immediately terminate this Agreement.

1.3 Franchisee's Territory. Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor shall not establish or locate, nor license any other person to establish or locate, a PrimoHoagies restaurant under the System and the Proprietary Marks at any location within the territory described in Exhibit B attached hereto ("Franchisee's Territory"). The parties agree and acknowledge that, unless and until the parties amend Exhibit B to include a description of Franchisee's Territory and initial/sign such amendment, Franchisee's Territory will be limited to the Approved Location. Franchisor retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights therein:

1.3.1 To establish and locate, and license others to establish and locate, a PrimoHoagies restaurant under the System and the Proprietary Marks at any location outside Franchisee's Territory, notwithstanding the proximity to Franchisee's Territory or the Approved Location;

1.3.2 To sell to, solicit, or direct advertising or promotional materials to customers located in Franchisee's Territory;

1.3.3 To establish or acquire and operate any business or restaurant of any kind under different proprietary marks, at any location whether located within or outside Franchisee's Territory and notwithstanding such business's proximity to Franchisee's Territory or Approved Location, or its actual or threatened impact on sales at Franchisee's PrimoHoagies Restaurant;

1.3.4 To offer, sell, distribute, or otherwise provide, directly or indirectly, or license to others to sell or distribute, directly or indirectly, any products from any location other than a PrimoHoagies restaurant, including, but not limited to, sales made at or through retail locations, supermarkets, markets, grocery stores, convenience stores, temporary locations, carts or kiosks, catalogs, mail order, or electronic means (for example, the Internet);

1.3.5 To establish and operate, and license other parties to establish and operate, retail food establishments, including, but not limited to, PrimoHoagies restaurants under the System and Proprietary Marks, in Franchisee's Territory at any existing or future (1) office buildings, (2) indoor shopping malls, retail stores, grocery stores, and supermarkets, (3) hospitals, (4) airports, (5) bus and train stations and other transportation terminals, (6) entertainment facilities (including, without limitation, sports stadiums, theatres, and theme parks), (7) rest stops, plazas and similar locations accessible from limited access or toll highways; and (8) colleges, universities, and other educational institutions;

1.3.6 Within and outside Franchisee's Territory, and notwithstanding any other provision hereof, to acquire, merge with, or otherwise affiliate with, and thereafter own and operate, and franchise or license others to own and operate, any business or restaurant of any kind, including, without limitation, any business that offers products or services the same as or similar to those offered by Franchisee under the System and Proprietary Marks.

1.3.7 use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited in this Agreement.

1.4 Alternate Channels of Distribution. Franchisee shall offer and sell products only from the PrimoHoagies Restaurant and only in accordance with the requirements of this Agreement and the procedures set forth in the Manual, as defined in Section 3.3 below. Franchisee shall not offer or sell products through any other means or locations, including, without limitation, those means and locations described in Section 1.3.4 herein. Franchisee shall only offer or sell products to retail customers for their use and consumption and not for resale.

1.5 Supplementing the System. Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different products, services, or merchandise as specified by Franchisor.

## 2. TERM AND RENEWAL

2.1 Term. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be ten (10) years from the date first above written, unless this Agreement is sooner terminated pursuant to its terms.

2.2 Renewal. Upon the expiration of the term of this Agreement, Franchisee may, subject to the following conditions, renew this Agreement for two (2) additional five (5) year terms; provided, however, that if this Agreement is a renewal of the franchise agreement previously executed by Franchisee for the Approved Location, then Franchisee shall not have a right to renew this Agreement. Franchisor may require, in its sole discretion, that any or all of the following conditions be met prior to renewal:

2.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew no fewer than ninety (90) days nor more than one hundred eighty (180) days prior to the end of the then-current term;

2.2.2 Franchisee shall make or provide for, in a manner satisfactory to Franchisor, such renovation, refurbishment, and modernization of the premises of the PrimoHoagies Restaurant (the "Premises") as Franchisor may require, including, without limitation, installation of new equipment and renovation of signs, furnishings, fixtures, and décor to reflect the then-current standards and image of the System;

2.2.3 Franchisee shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its subsidiaries or affiliates; and, in the reasonable judgment of Franchisor, Franchisee shall have substantially complied with all the terms and conditions of such agreements during the terms thereof;

2.2.4 Franchisee shall have satisfied all monetary obligations due and owed by Franchisee to Franchisor and its subsidiaries and affiliates, and to the PrimoHoagies Brand Fund (defined in Section 12 below), and shall have timely met those obligations throughout the term of this Agreement;

2.2.5 Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Premises for the duration of the renewal term or shall obtain Franchisor's approval, which may be withheld in Franchisor's sole discretion, of a new location for the PrimoHoagies Restaurant for the duration of the renewal term;

2.2.6 Franchisee shall, at Franchisor's option, execute Franchisor's then-current form of franchise agreement (but only for such renewal terms as are provided by this Agreement), which shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms of this Agreement, including, without limitation, reducing or modifying Franchisee's Territory and increasing Franchisee's required royalty fees, brand fund contributions, and other fees, as determined by Franchisor, except that Franchisee shall not be required to pay an initial franchise fee (but shall be required to pay the renewal fee set forth in Section 2.2.9 below);

2.2.7 Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims, known or unknown, that Franchisee might have against Franchisor or its subsidiaries or affiliates, or their respective officers, directors, agents, or employees;

2.2.8 Franchisee shall comply with Franchisor's then-current qualification and training requirements;

2.2.9 Franchisee shall pay Franchisor a renewal fee ("Renewal Fee") of Seven Thousand Five Hundred Dollars ($7,500), which includes the refresher training fee, at the time of renewal; and

2.2.10 Franchisee shall be current with respect to its obligations to lessor, suppliers, and any others with whom Franchisee does business.

## 3. DUTIES OF FRANCHISOR

3.1 Plans and Specifications. Franchisor may, in its discretion, make available, at no charge to Franchisee, its standard architectural plans and specifications for a prototypical PrimoHoagies restaurant, including exterior and interior design and layout, fixtures, furnishings, décor, equipment, and signs. Franchisee acknowledges that such specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act or similar rules governing public accommodations or commercial facilities for persons with disabilities), nor shall such plans contain the requirements of, or be used for, construction drawings or other documentation necessary to obtain permits or authorization to build a specific restaurant, compliance with all of which shall be Franchisee's responsibility and at Franchisee's expense. Franchisee is required to purchase all signs, fixtures and equipment from an approved supplier, unless otherwise stated in writing.

3.2 Training. Franchisor shall provide the training as set forth in Section 6 hereof.

3.3 Manual. Franchisor shall provide Franchisee with access to one copy of Franchisor's confidential operating manual (the "Manual"), as more fully described in Section 9 hereof.

3.4 Inspections. Franchisor may conduct, as it deems advisable in its sole discretion, inspections of the Premises and Franchisee's operation of the PrimoHoagies Restaurant at any time with or without notice to Franchisee.

3.5 Equipment. Franchisor may, in its discretion, provide to Franchisee a list of initial equipment for the PrimoHoagies Restaurant for purchase from a supplier designated by Franchisor. Franchisor shall also supply to Franchisee a list of approved suppliers and brand names for food inventory, products, goods and services.

3.6 Opening Assistance. A representative of Franchisor may, in Franchisor's discretion, be present immediately prior to and/or following the opening of the PrimoHoagies Restaurant to assist Franchisee in pre-opening and post-opening matters, including, but not limited to, on-site training, inspecting the placement of and testing Franchisee's equipment and décor items, assisting Franchisee with inventory ordering and preparation and execution of services, and assisting Franchisee with the initial operation of the PrimoHoagies Restaurant. The representative shall be present at the PrimoHoagies Restaurant for a period of time determined by Franchisor in its sole and absolute discretion. Franchisee shall reimburse Franchisor for all costs of such assistance, including the costs of the representative's travel, hotel, and meals.

3.7 Ongoing Advice. After the Franchised Business opens, Franchisor may provide to Franchisee from time to time, in Franchisor's sole discretion and at the time(s) and in the manner determined by Franchisor, advice, assistance, and written materials about new recipes and products, new developments and/or techniques in cooking, cleaning and food storage, and operation of the Franchised Business. Such advice may be provided by telephone, e-mail, or other form of communication. Franchisor may, in its sole discretion, visit the PrimoHoagies Restaurant from time to time.

3.8 PrimoHoagies Brand Fund. Franchisor shall administer a brand fund in the manner set forth in Section 12 hereof.

3.9 Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee, employee, or agent of Franchisor, as Franchisor may direct.

## 4. FEES

4.1 Initial Franchise Fee. Franchisee shall pay to Franchisor, on execution of this Agreement, a non-refundable initial franchise fee of Twenty-Five Thousand Dollars ($25,000) (the "Initial Franchise Fee") and execute Exhibit J hereto. The entire Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

4.2 Royalty Fee. Franchisee shall pay to Franchisor a continuing royalty fee in an amount equal to six percent (6%) of Gross Sales, which shall be paid to Franchisor in accordance with Section 4.4 below. "Gross Sales" means all revenues generated by Franchisee's

PrimoHoagies Restaurant conducted upon, from or with respect to the PrimoHoagies Restaurant, whether such sales are evidenced by cash, check, credit, charge, account, barter or exchange. Gross Sales shall include, without limitation, monies or credit received from the sale of products, from tangible property of every kind and nature, promotional or otherwise, and for services performed from or at the PrimoHoagies Restaurant, including, without limitation, such off-premises services as delivery and catering. Gross Sales shall not include the sale of all food and beverage products for which refunds have been made in good faith to customers, the sale of equipment used in the operation of the PrimoHoagies Restaurant, any sales taxes or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority, any reduction in revenue due to discounts, or any amounts paid to employees as approved compensation for meals.

If this Franchise Agreement is executed under a Multi-Unit Option Agreement, provided Franchisee is in compliance with the Multi-Unit Option Agreement, and is not in default of any other agreement between Franchisee (or any owner of Franchisee), Franchisor, or Franchisor's affiliates, Franchisee will pay a reduced royalty percentage on Gross Sales as follows:

| | Year 1 | Year 2 | Year 3 | Year 4+ |
|---|---|---|---|---|
| Multi-Unit Royalty Rate | 2% | 3% | 4% | 6% |

4.3 Advertising Expenditures and Contributions. Franchisee shall make such expenditures and contributions for advertising and brand promotion as specified in Section 12 hereof.

4.4 Payments. All payments to Franchisor required by Sections 4.2 and 12 hereof, or to its affiliates, shall be paid by ACH withdrawal from franchisee's designated bank account on Wednesday each week based on the Gross Sales from the prior Monday through Sunday. Any payment not actually received by Franchisor on or before such date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until received by Franchisor, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by applicable law, whichever is less, and a late fee equal to ten percent (10%) of the amount of the overdue payment. In addition, if any weekly report required by Section 11.2.1 below is not received when due, all payments owed by Franchisee for such week shall be deemed overdue until such reports are received by Franchisor, regardless of whether payment was actually made, and Franchisee shall be responsible for applicable interest and late fees as described in this Paragraph 4.4. Entitlement to such interest and late fees shall be in addition to any other remedies Franchisor may have. Franchisee shall not be entitled to set off any payments required to be made under this Section 4 against any monetary claim it may have against Franchisor. Franchisor reserves the right to change the interval at which Franchisor collects the Royalty Fee and other recurring fees payable to Franchisor or its affiliates under this Agreement, upon written notice to Franchisee. You will pay us an administrative/late fee of $50 for any late or dishonored payment.

4.5 Bank Account. Franchisee shall deposit all revenues from operation of the PrimoHoagies Restaurant into one bank account within two (2) days of receipt, including cash,

checks, credit card receipts or the value of other forms of payment. Franchisee shall provide Franchisor with the bank and account number, a voided check from such bank account, and written authorization for Franchisor to withdraw funds from such bank account via electronic funds transfer without further consent or authorization based upon Franchisee's Gross Sales reports for the relevant time periods. Franchisee shall execute the Electronic Fund Withdrawal Authorization attached as Exhibit K hereto, and shall execute any and all additional documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by Franchisor. Franchisee agrees to pay all costs associated with any such transfer. In the event Franchisee changes banks or accounts for the bank account required by this Section 4.5, Franchisee shall, prior to such change, provide such information concerning the new account and an authorization to make withdrawals therefrom. Franchisee's failure to provide such information concerning the bank account required by this Section 4.6 or any new account, or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method shall be a breach of this Agreement.

## 5. OPENING OF FRANCHISED BUSINESS

5.1 Construction. Franchisee shall renovate or construct, and equip, the PrimoHoagies Restaurant at Franchisee's own expense. Before commencing any renovation or construction of the PrimoHoagies Restaurant, Franchisee, at its expense, shall employ (and pay directly) Franchisor's designated design vendor, and a qualified, licensed architect or engineer, designated by Franchisor, to prepare preliminary and final architectural drawings and specifications of the Premises in accordance with Franchisor's standard plans and specifications for a PrimoHoagies restaurant, which shall be supplied to Franchisee. Franchisee shall be responsible, at Franchisee's expense, for ensuring that any final architectural plans are reviewed by a local architect for compliance with local codes and ordinances. Preliminary and final drawings and specifications shall be submitted to Franchisor for its prior written approval, which will not be unreasonably withheld. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of Franchisor. Franchisee or its contractor, at Franchisee's or its contractor's expense, shall obtain such insurance, as described in Section 13.1, prior to commencement of construction of the PrimoHoagies Restaurant. Franchisor has the right to oversee any renovation or construction and visit the site at any time to ensure compliance with Franchisor's standard plans. Franchisor also has the right to require Franchisee to submit periodic progress reports in such form and at such times as Franchisor determines in its sole discretion. Franchisor shall make itself available at reasonable times to provide consultation to Franchisee by telephone or e-mail during the construction of the PrimoHoagies Restaurant.

5.2 Permits. Franchisor's approval of architectural plans and specifications submitted by Franchisee shall be limited to conformance with Franchisor's standard plans and specifications and shall not relate to Franchisee's obligations with respect to any federal, state, or local laws, codes, or regulations, including without limitation the applicable provisions of the ADA regarding the construction, design and operation of the PrimoHoagies Restaurant, which shall be Franchisee's sole responsibility. Franchisee shall be responsible, at Franchisee's expense, for obtaining all zoning classifications, permits, certifications, and clearances required for the lawful construction and operation of the PrimoHoagies Restaurant, including, but not limited to, certificates of occupancy and certificates of health, which may be required by federal, state or local

laws, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the Premises or required by the lessor.

5.3 Opening Deadline. Franchisee shall commence operation of the PrimoHoagies Restaurant not later than two hundred seventy (270) days after the date of execution of this Agreement, if Franchisee has selected an approved site prior to the execution hereof. If Franchisee has executed the Site Selection Addendum, Franchisee shall have one hundred twenty (120) days to lease or acquire a location in accordance with Exhibit C hereto, and shall commence operation of the PrimoHoagies Restaurant by the earlier of: (a) two hundred seventy (270) days after such location is approved by Franchisor; or (b) ten (10) days after construction is completed and Franchisee has obtained Franchisor's approval to open pursuant to Section 5.5 below. The parties agree that time is of the essence in the opening of the PrimoHoagies Restaurant and that Franchisee's failure to open the PrimoHoagies Restaurant within the time periods described in this Section 5.3 shall be considered a material breach and default under this Agreement and will entitle Franchisor to terminate this Agreement pursuant to Section 15 hereof.

5.4 ADA Certification. Prior to opening the PrimoHoagies Restaurant, and after any renovation, as described in Section 5.1 above, Franchisee shall execute and deliver to Franchisor an ADA Certification in the form attached to this Agreement as Exhibit D, to certify to Franchisor that the PrimoHoagies Restaurant and any proposed renovations comply with the ADA.

5.5 Opening Approval. Franchisor shall inspect the PrimoHoagies Restaurant prior to the opening of the PrimoHoagies Restaurant to determine whether all construction has been substantially completed, and that such construction conforms to Franchisor's standards and specifications, including, but not limited to, materials, quality of work, signage, décor, paint, and equipment. Franchisee shall obtain Franchisor's written approval prior to first opening the PrimoHoagies Restaurant, which approval shall not be unreasonably withheld. Franchisee shall provide at least thirty (30) days prior notice to Franchisor of the date on which Franchisee proposes to first open the PrimoHoagies Restaurant for business. Unless Franchisor waives in writing the foregoing requirement, Franchisee shall not open the PrimoHoagies Restaurant without the on-site presence of a representative of Franchisor, provided that Franchisor will not unreasonably delay the opening of the PrimoHoagies Restaurant. In the event there is a change in the opening date of the PrimoHoagies Restaurant, not caused by Franchisor, Franchisee shall reimburse Franchisor for Franchisor's actual out-of-pocket costs and expenses incurred by Franchisor due to such delay, including travel costs and expenses for Franchisor's representative(s).

## 6. TRAINING

6.1 Initial Training Program. At least fifteen (15) days prior to the opening of the PrimoHoagies Restaurant, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a manager of Franchisee approved by Franchisor) and one (1) additional individual shall attend and successfully complete to Franchisor's satisfaction the initial training program for franchisees offered by Franchisor at a location designated by Franchisor (the "Initial Training Program"). Additionally, if you are a corporation, partnership, or limited liability company, at least one owner must compete portions of the Initial Training Program as required by Franchisor. Franchisor shall have the right to approve those persons who attend the Initial Training

Program and to require fewer or additional persons to attend the Initial Training Program as Franchisor determines in its sole discretion. If a principal of Franchisee fails to successfully complete the Initial Training Program, then Franchisor shall have the right to immediately terminate this Agreement. Franchisee will not be charged a separate fee for the first two (2) individuals who attend the Initial Training Program, but all additional individuals must pay Franchisor's then-current training fee of $350 per person per day, which is non-refundable. Franchisee is also responsible for all expenses incurred by Franchisee and its employees in connection with attending all training programs, including the costs of transportation, lodging, meals, and wages. If Franchisee has obtained its PrimoHoagies Restaurant by transfer from Franchisor or a former franchisee, then Franchisor will provide a modified version of the Initial Training Program to Franchisee and one additional personnel, and such training may include fewer hours of training than the standard Initial Training Program.

6.2 Food Safety Certification. Prior to the opening of the PrimoHoagies Restaurant, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee designated by Franchisee and approved by Franchisor) and each manager, if applicable, must attend and successfully complete a ServSafe® or comparable food safety certification program, at Franchisee's sole expense. In addition, such additional employees must attend and successfully complete a ServSafe® or comparable food safety certification program, at Franchisee's expense, to ensure that at least one (1) certified employee is present at the PrimoHoagies Restaurant during all business hours.

6.3 Additional Programs. Franchisee or its designee shall attend such additional courses, seminars and other training programs as Franchisor may reasonably require from time to time.

6.4 Training Fee and Expenses. All training programs required by this Agreement shall be at such times and places as may be designated by Franchisor. Franchisor does not charge a separate fee for the first two (2) individuals who attend the Initial Training Program. All subsequent individuals who attend the Initial Training Program shall pay the then-current training fee designated in the Manual or otherwise in writing from time to time by Franchisor, which shall be payable at least two (2) weeks prior to the start of training. Franchisor also reserves the right to charge a training fee for any individual's attendance any additional courses, seminars and training programs as described in this Section 6. Franchisee shall be responsible for any and all other expenses incurred by Franchisee or Franchisee's employees in connection with attending all training programs, including, without limitation, the costs of transportation, lodging, meals, and wages.

## 7. DUTIES OF FRANCHISEE

7.1 Operating Standards. Franchisee understands and acknowledges that every detail of the System and the Franchised Business is important to Franchisee, Franchisor and other PrimoHoagies franchisees in order to develop and maintain high operating standards, to increase the demand for the products sold by all franchised businesses operating under the System, to protect and enhance Franchisor's reputation and goodwill, to promote and protect the value of the Proprietary Marks, and other reasons.

7.2 Restaurant Operations.

7.2.1 Franchisee shall use the Premises solely for the operation of the business franchised hereunder; shall keep the PrimoHoagies Restaurant open and in normal operation for such minimum hours and days as Franchisor may specify in the Manual or otherwise directs from time to time; shall refrain from using or permitting the use of the Premises for any other purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the PrimoHoagies Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without Franchisor's prior written consent.

7.2.2 Franchisor may, in its sole discretion, permit Franchisee to operate the Restaurant as a "seasonal location". If Franchisor permits Franchisee to operate seasonally, Franchisor shall notify Franchisee in writing. The prescribed operational days/hours for a seasonal location will differ from traditional location, and Franchisee must keep the Franchised Business open and operating full-time in accordance with such minimum hours and days as Franchisor specifies for a season location. Pursuant to Franchisor's current operating standards for seasonal locations, the Franchised Business must be open and operating full-time on or before April 15th of each year, and must maintain full-time operations until October 15th of each year during the Term. Franchisor may, in its sole discretion, make any changes to these dates at any time. Franchisor agrees to provide Franchisee with at least thirty (30) days prior written notice of any change to the seasonal operation dates set forth in this Section 7.3.1.

7.3 Adherence to Standards and Specifications. To insure that the highest degree of quality and service is maintained, Franchisee shall operate the PrimoHoagies Restaurant in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manual or otherwise in writing. Franchisee agrees:

7.3.1 To maintain in sufficient supply, as Franchisor may prescribe in the Manual or otherwise in writing, and to use at all times, only such products and ingredients acquired from a supplier or suppliers designated or approved by Franchisor that conform to Franchisor's written standards and specifications, and such other ingredients, products, materials, supplies, paper goods, cleaning products, fixtures, furnishings, equipment, signs and menu items, as conform with Franchisor's written standards and specifications, and to refrain from deviating therefrom by the use of nonconforming items, without Franchisor's prior written consent; Franchisor may designate itself or an affiliate to be an approved supplier, or the only approved supplier, of any products and other items;

7.3.2 To sell or offer for sale only such menu items, products, merchandise, and services as have been expressly approved for sale in writing by Franchisor; to sell or offer for sale all types of menu items, products, merchandise, and services specified by Franchisor; to refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; and to discontinue selling and offering for sale any menu items, products, merchandise, and services which Franchisor may, in its discretion, disapprove in writing at any time;

7.3.3 To purchase all food and beverage products and other products, equipment, supplies, software and services from suppliers as Franchisor approves and designates in the Manual or otherwise in writing from time to time; Franchisee agrees to immediately notify Franchisor if an approved supplier substitutes an unapproved product or service in place of an approved product; Franchisee understands and acknowledges that Franchisor and its affiliates have the right to earn a profit on your purchases of products, suppliers and services from Franchisor or its affiliates; Franchisee further understands and acknowledges that Franchisor or its affiliates have the right to derive and retain revenue from Franchisee's purchases of products, supplies and services from other approved suppliers;

7.3.4 To use and display only the standard menu format required by Franchisor, as the same may be revised by Franchisor from time to time; any change in the menu format must be approved in writing by Franchisor prior to use;

7.3.5 To sell all menu items and other products hereunder at retail and not sell such menu items and products at wholesale or for resale, and to refrain from selling any menu items and products at any location other than the Approved Location;

7.3.6 Franchisee will perform full time delivery and catering services;

7.3.7 To use, in the operation of the Franchised Business, such standards, specifications, and procedures as prescribed by Franchisor;

7.3.8 To refrain from selling or advertising any menu items, other products, merchandise, or services hereunder on the Internet without Franchisor's prior, written approval;

7.3.9 To refrain from installing or permitting to be installed any vending machine, game, or coin-operated device, unless specifically approved in writing, in advance, by Franchisor; and

7.3.10 All shifts at the Franchised Restaurant for the first 30-days of operation, or longer if required by Franchisor, must be supervised by an individual who completed the Initial Training Program.

7.4 Fixtures, Furnishings, and Equipment. Franchisee shall purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment (including, without limitation, a telephone(s), computer, printer, video surveillance system, software, and cash register or point-of-sale recording system), décor, and signs, as Franchisor may reasonably direct from time to time, and shall refrain from installing or permitting to be installed on or about the Premises, without Franchisor's prior written consent, any fixtures, furnishings, equipment, décor, signs or other items not previously approved by Franchisor.

7.5 Sources of Products. All products sold or offered for sale at the PrimoHoagies Restaurant, and other products, materials, supplies, paper goods, fixtures, furnishings software, and equipment used at the PrimoHoagies Restaurant, shall meet Franchisor's then-current

standards and specifications, as established in the Manual or otherwise in writing. Franchisee shall purchase all food items, ingredients, supplies, materials, and other products and equipment used or offered for sale at the PrimoHoagies Restaurant for which Franchisor has established standards or specifications solely from Franchisor, an affiliate of Franchisor, or suppliers (including distributors and other sources) designated by Franchisor that demonstrate in the Manual or otherwise in writing. Franchisor shall have sole discretion to approve or disapprove suppliers at any time. Franchisor shall have the right to designate itself and/or an affiliate as an approved supplier or as the only approved supplier of certain required goods or services. Franchisor has the right to require Franchisee to purchase any items or services necessary to operate the PrimoHoagies Restaurant from a supplier that Franchisor approves or designates, which may include Franchisor or its affiliate. Franchisor will provide Franchisee with a list of approved suppliers in writing as part of the Manual or otherwise in writing, and Franchisor may update or modify this list as it deems appropriate.

Franchisor may from time to time revoke its approval of particular products or suppliers when Franchisor determines, in its sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall cease to sell any disapproved products and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use products purchased from approved suppliers solely for the purpose of operating the PrimoHoagies Restaurant and not for any other purpose, including, without limitation, resale. Franchisor reserves the right, in its business judgment, to require Franchisee to purchase any or all approved products, equipment, merchandise, or services used in the PrimoHoagies Restaurant solely from Franchisor or an affiliate of Franchisor.

7.6 Inventory. At the time the PrimoHoagies Restaurant opens, Franchisee shall stock the initial inventory of menu items, products, accessories, equipment, and supplies as prescribed by Franchisor in the Manual or otherwise in writing. Thereafter, Franchisee shall stock and maintain all types of menu items and approved products in quantities sufficient to meet reasonably anticipated customer demand. Franchisee shall order all required food products on a weekly basis, or as otherwise set forth in the Manual from time to time, in such quantities necessary to meet reasonably anticipated customer demand for the following twelve (12) day period. Franchisor may develop proprietary products for use in the PrimoHoagies Restaurant, including private-label products that bear the Proprietary Marks, and require Franchisee to purchase these items from Franchisor or its affiliate.

7.7 Inspections. Franchisee shall permit Franchisor and its agents to enter upon the Premises at any time, with or without notice, for the purpose of conducting inspections. In connection with such inspections, Franchisor shall have the right to speak with Franchisee or any employee of Franchisee; take food samples; take audio or video recordings; and conduct such other activities as it deems appropriate in its sole discretion. Franchisee shall cooperate with representatives of Franchisor in such inspections by rendering such assistance as they may reasonably request, and, upon notice from Franchisor or its agents, and without limiting Franchisor's other rights under this Agreement, shall take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. If deficiencies are detected during any inspection, and Franchisor subsequently conducts a re-inspection in its sole discretion, Franchisee shall be responsible for Franchisor's costs and expenses of such re-inspection. Should

Franchisee, for any reason, fail to correct any deficiencies within a reasonable time as determined by Franchisor, Franchisor shall have the right, but not the obligation, to correct any deficiencies which may be susceptible to correction by Franchisor and to charge Franchisee a reasonable fee for Franchisor's expenses in so acting, payable to Franchisor upon demand. The foregoing shall be in addition to such other remedies Franchisor may have.

7.8 Advertising and Promotional Materials. Franchisee shall ensure that all graphics, signs, advertising and promotional materials, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor.

7.9 Maintenance of Premises. Franchisee shall maintain the Premises (including the adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make such additions, alterations, repairs and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment and décor as Franchisor may reasonably direct.

7.10 Refurbishment. Franchisor reserves the right to require Franchisee to refurbish, renovate and update the Premises once every five (5) years, at Franchisee's expense, to conform to the building design, trade dress, color schemes and presentation of the Proprietary Marks in a manner consistent with the then-current image for new PrimoHoagies restaurants. Such refurbishment may include, without limitation, structural changes, installation of new equipment, software systems, remodeling, redecoration and modifications to existing improvements in order to bring the PrimoHoagies Restaurant in compliance with the specifications and standards then applicable for new PrimoHoagies restaurants. Any refurbishments/renovations required as a condition to transfer pursuant to Section 14.3.12 are expressly exempt from the five (5) year limitation set forth herein.

7.11 On-Premises Supervision. The PrimoHoagies Restaurant shall at all times be under the direct, on-premises supervision of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal owner of Franchisee approved by Franchisor) who has satisfactorily completed the Initial Training Program. Franchisee shall maintain a competent, conscientious, trained staff. Franchisee shall ensure that at least one employee who has attended and successfully completed the ServSafe® or comparable food safety certification program is present at the PrimoHoagies Restaurant during all business hours and that the PrimoHoagies Restaurant is staffed to meet demand during all operating hours. Franchisee shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet such minimum standards, including, without limitation, such attire as Franchisor reasonably requires, as Franchisor may establish from time to time in the Manual. Franchisee and its employees shall handle all customer complaints, refunds, returns and other adjustments in a manner that will not detract from the name and goodwill of Franchisor. Franchisee shall take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Websites (as defined in Section 12.5 below), including, but not limited to, prohibiting employees from posting any information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business on any Networking Media Website without Franchisor's prior written approval. Franchisee shall

not, however, prohibit or restrict any social media communication or activity by its employees which prohibition or restriction violates its employees' right to engage in protected concerted activity under the National Labor Relations Act. Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the PrimoHoagies Restaurant, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.12 Changes to the System. Franchisee shall not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to Franchisee.

7.13 Compliance With Lease. Franchisee shall comply with all the terms of its lease or sublease and all other agreements affecting the operation of the PrimoHoagies Restaurant; shall promptly furnish Franchisor a copy of its lease; shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Premises.

7.14 Execution of Lease and Sublease. In the event Franchisee owns or purchases the Premises, Franchisee shall lease the Premises to Franchisor at a fair market rental price for the term of this Agreement, and, simultaneously therewith, Franchisee shall execute a sublease with Franchisor for the Premises at the same fair market rental price and for the same term. The lease and sublease shall be Franchisor's then-current form of lease and sublease.

7.15 Health and Safety Standards. Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the PrimoHoagies Restaurant. Franchisee shall furnish to Franchisor immediately upon the receipt thereof, a copy of all health inspection reports and any violation or citation which indicates Franchisee's failure to maintain federal, state, or local health or safety standards in the operation of the PrimoHoagies Restaurant. Franchisee's failure to cure such violations within twenty-four (24) hours shall constitute grounds for immediate termination pursuant to Section 15.3.5 herein. Franchisor shall also have the right, but not the obligation, to enter the Premises, without notice, to cure any health or safety violation at the PrimoHoagies Restaurant and require Franchisee to reimburse Franchisor for all out-of-pocket costs and expenses incurred by Franchisor to effect such cure.

7.16 Pricing and Coupon Sales. Franchisor shall have the right to determine the prices of the products and services offered and sold by Franchisee. Franchisor also shall have the right

to establish minimum prices and/or maximum prices of the products and services offered and sold by Franchisee. Franchisee shall strictly adhere to the prices (including minimum and/or maximum prices) established by Franchisor. Franchisor retains the right to modify the prices from time-to-time in its reasonable discretion. Franchisee must comply with all of Franchisor's policies regarding advertising and promotion, including the use and acceptance of coupons.

7.17 Computer System and Required Software.

7.17.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the PrimoHoagies Restaurant; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems, including video surveillance systems (collectively, the "Computer System").

7.17.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System (the "Required Software"), which Franchisee shall install at Franchisee's expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (c) the tangible media upon which Franchisee records data; and (d) the database file structure of the Computer System. In addition, Franchisee shall be required to pay an annual software service contract fee as required by Franchisor in the Manual or otherwise in writing.

7.17.3 At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisor shall have the right at any time to access, remotely retrieve, and use such data and information from Franchisee's Computer System or Required Software, including any video surveillance system, that Franchisor deems necessary or desirable. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software, including keeping Franchisee's video surveillance system active at all times and positioned as Franchisor directs, in accordance with Franchisor's standards and specifications as set forth in the Manual or otherwise in writing. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 7.18 shall be at Franchisee's sole cost and expense.

7.17.4 Franchisee agrees that Franchisor has the right to require Franchisee to update or upgrade computer hardware components, Software, and/or cloud-based subscriptions as Franchisor deems necessary from time to time, with no limitations as to the number or cost of such updates or upgrades. Franchisee must take all steps, including but not limited to those related to visibility and management of the Franchised Business network, that are necessary to ensure that the Franchised Business is compliant with all data privacy and security laws and Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and

modified by the PCI Security Standards Council (see pcisecuritystandards.org), or such successor organization or standards that Franchisor may reasonably specify. Franchisee agrees to use any computer network, intranet system, extranet system, email, and handheld devices required or authorized for use in connection with the Franchised Business in strict compliance with the standards, protocols, and restrictions included in the Operations Manual or in other written policies, which include but are not limited to privacy policies, encryption requirements, data and IT security policies that Franchisor may specify - including the implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies. Franchisee further agrees not to violate the privacy policies or user terms on Franchisor's website.

7.18 Data. All data provided by Franchisee, uploaded to Franchisor's system from Franchisee's system, and/or downloaded from Franchisee's system to Franchisor's system, is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor deems appropriate without compensation to Franchisee. In addition, all other data created or collected by Franchisee in connection with the System, or in connection with Franchisee's operation of the Franchised Business (including but not limited to consumer and transaction data), is and will be owned exclusively by Franchisor during the term of, and following termination or expiration of, this Agreement. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee, at no additional cost, solely for the term of this Agreement and solely for Franchisee's use in connection with the establishment and operation of the Franchised Business pursuant to this Agreement.

7.19 Mobile Applications. Franchisor may establish or use, and require Franchisee to use, one or more mobile applications (a "Mobile App") for online ordering or electronic payments, or any similar or related application for use in connection with the System. The term "Mobile App" shall include any application for use on smart phones, tablets, or other mobile devices, and may include a loyalty or reward program or other features. If Franchisor requires Franchisee to use a Mobile App, then Franchisee shall comply with Franchisor's requirements (as set forth in the Manuals or otherwise in writing) for connecting to, and utilizing, such technology in connection with Franchisee's operation of the Franchised Business.

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

7.21 Privacy. Subject to commercial standards of reasonableness based upon local business practices in the Franchisee's Territory, Franchisor may, from time-to-time, specify in the Manual (or otherwise in writing) the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All

data pertaining to or derived from the Franchised Business (including, without limitation, data pertaining to or otherwise about customers) is and shall be the exclusive property of Franchisor, and Franchisor hereby grants a royalty-free nonexclusive license to Franchisee to use said data during the term of this Agreement. Franchisee shall abide by all applicable laws and standards pertaining to the privacy of consumer, employee, transactional, and other electronic information (including the Payment Card Industry Data Security Standards and relevant provisions of the Health Insurance Portability and Accountability Act). Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent as to said policy. Franchisee also agrees to comply with all applicable laws pertaining to the privacy of the customer, employee, and transactional information ("Privacy Laws") and other applicable data protection laws that are applicable to the franchise System as a whole.

7.22 Customer Surveys. Franchisor reserves the right to establish reasonable customer satisfaction standards and a scoring system for customer satisfaction ratings as prescribed from time to time in the Manual or otherwise in writing, based on customer surveys conducted by Franchisor or its designee. Franchisee shall continuously maintain acceptable customer satisfaction ratings (as reasonably determined by Franchisor and described in the Manuals or otherwise in writing) throughout the term hereof. Franchisee acknowledges and agrees that its maintenance of such customer satisfaction ratings throughout the term hereof is a material obligation of Franchisee hereunder.

## 8. PROPRIETARY MARKS

8.1 Franchisor Representations. Franchisor represents with respect to the Proprietary Marks:

8.1.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks;

8.1.2 Franchisor has the right to use, and to license others to use, the Proprietary Marks; and

8.1.3 Franchisor has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

8.2 Franchisee's Use of Marks. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

8.2.1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor, which includes strictly complying with Franchisor's standards, specifications, rules, requirements and instructions regarding the use of the Proprietary Marks;

8.2.2 Franchisee shall use the Proprietary Marks only for the operation of the PrimoHoagies Restaurant and only at the Approved Location, or in advertising or promotional materials for the PrimoHoagies Restaurant used at or conducted from the Approved Location;

8.2.3 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the PrimoHoagies Restaurant only under the name "PrimoHoagies" and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

8.2.4 During the term of this Agreement, and any renewal or extension hereof, Franchisee shall identify itself as the owner of the PrimoHoagies Restaurant (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing;

8.2.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

8.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;

8.2.7 Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

8.2.8 Franchisee shall promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third party claim, suit, or demand arising out of Franchisee's use of the Proprietary Marks. If Franchisor, in its sole discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts; and

8.2.9 Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks, or any portion thereof, or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks.

8.2.10 Franchisee shall not use all or any portion of the Proprietary Marks as part of its company name and, without Franchisor's prior written consent, as part of your trade name or "d/b/a".

8.2.11 Franchisee shall not modify the Proprietary Marks with words, designs or symbols, except those that Franchisor licenses to Franchisee.

8.2.12 Franchisee may not use the Proprietary Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by Franchisor.

8.3 Acknowledgments. Franchisee expressly understands and acknowledges that:

8.3.1 Franchisor is the owner of all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

8.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

8.3.3 During the term of this Agreement and continuing after the expiration or termination of this Agreement, neither Franchisee nor any of its managers (if applicable) will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, Franchisor's right, title, ownership, or interest in the Proprietary Marks, trade secrets, methods, procedures, and advertising techniques that are part of the System, or contest our sole right to register, use, or license others to use, the Proprietary Marks, trade secrets, methods, procedures, advertising techniques, and any other mark or name that incorporates the term "PrimoHoagies" or any similar phrase;

8.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

8.3.5 Franchisee acknowledges that the goodwill associated with the Proprietary Marks will remain Franchisor's exclusive property, and Franchisee will receive no tangible benefit from such goodwill, except from the operation or possible sale of the PrimoHoagies Restaurant during the term of this Agreement. Any increase in the goodwill associated with the Proprietary Marks during the term of this Agreement will benefit Franchisor. All rights to use the Proprietary Marks will automatically revert to Franchisor without cost and without the execution or delivery of any documents, upon the expiration or termination of this Agreement;

8.3.6 Except as specified in Section 1.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling products, merchandise, and services; (b) to grant other licenses for the Proprietary Marks; (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks; and (d) to grant licenses thereto without providing any rights therein to Franchisee.

8.3.7 Franchisor reserves the right, in Franchisor's sole discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith. Franchisee's use of any such modified or substituted proprietary marks shall be governed by the terms of this Agreement to the same extent as the Proprietary Marks.

## 9. CONFIDENTIAL OPERATING MANUAL

9.1 Standards of Operation. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the PrimoHoagies Restaurant in accordance with the standards, methods, policies, and procedures specified in the Manual, one copy of which Franchisee shall receive on loan from Franchisor for the term of this Agreement upon completion by Franchisee of the Initial Training Program to Franchisor's satisfaction. The Manual may consist of multiple volumes of printed text or electronically stored data, and may contain information related to ingredients, recipes, restaurant operations, and restaurant management. Franchisee acknowledges and agrees that Franchisor may provide a portion or all of the Manual (including updates and amendments), and other instructional information and materials, in or via electronic media, including, without limitation, through the Internet.

9.2 Confidentiality. Franchisee shall treat the Manual, any other Manual created for or approved for use in the operation of the PrimoHoagies Restaurant, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential pursuant to Section 10 below. Franchisee shall not copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person.

9.3 Exclusive Property. The Manual shall remain the sole property of Franchisor and shall be kept in a secure place on the Premises.

9.4 Revisions to Manual. Franchisor may from time to time revise the contents of the Manual, and Franchisee expressly agrees to comply with each new or changed standard. Franchisee shall ensure that the Manual are kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by Franchisor at Franchisor's home office shall be controlling.

## 10. CONFIDENTIAL INFORMATION

10.1 Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company or corporation any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder, including, without limitation, all data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information (collectively, "Customer Information"), as well as the Manual, recipes, cooking methods, preparation of menu items, drawings, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, management tools, or advertising which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement ("Confidential Information"). Franchisee shall divulge such Confidential Information only to such of its employees as must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement. Franchisee will not disclose Customer Information and other proprietary information, trade secrets, and Confidential Information to third parties, including entering such information into public/open Artificial Intelligence models or any other AI model that uses such information to train the Artificial Intelligence unless specifically authorized by Franchisor in writing, and Franchisee agrees to strictly adhere to privacy policies that Franchisor may now, or in the future, establish with respect to Customer Information.

10.2 Confidentiality Agreements. At Franchisor's request, Franchisee shall require Franchisee's manager, and other such personnel having access to any of Franchisor's Confidential Information to execute non-competition covenants and covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the PrimoHoagies Restaurant. Such covenants shall be in the form attached hereto as Exhibit E.

10.3 Irreparable Injury. Franchisee acknowledges that any failure to comply with the requirements of this Section 10 will cause Franchisor irreparable injury, and Franchisee agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 10, or such other relief sought by Franchisor.

## 11. ACCOUNTING AND RECORDS

11.1 Gross Sales. Franchisee shall record all sales on a point-of-sale recordkeeping and control system designated by Franchisor, or on any other equipment specified by Franchisor in the Manual or otherwise in writing. Franchisee shall maintain a weekly record of all Gross Sales on a spreadsheet provided by Franchisor, or by such other means designated by Franchisor at its sole discretion. Franchisee shall provide Franchisor with such record for the prior Monday through Sunday by Wednesday of each week, by such means as designated by Franchisor in the Manual or otherwise in writing, including, but not limited, to an internet or intranet website or other system

that allows Franchisor unrestricted access to Franchisee's sales information. Franchisor shall have the right to remotely access any business information or data collected and generated on Franchisee's point-of-sale system at any time.

11.2 Other Reports. Franchisee shall, at Franchisee's expense, submit to Franchisor in the form prescribed by Franchisor, the following reports, financial statements, and other data:

11.2.1 By the 15th of each month, an accurate profit and loss statement and a report accurately reflecting all Gross Sales for the prior month on Primo's standard chart of account;

11.2.2 Within sixty (60) days after the end of each fiscal year, Franchisee's financial statements for the preceding fiscal year, including, without limitation, a complete and accurate profit and loss statement and balance sheet, which may be unaudited but, upon Franchisor's request, shall be reviewed in accordance with generally accepted accounting principles;

11.2.3 Upon Franchisor's request, within ten (10) days after their timely completion, all federal, state and local sales, income or other tax returns filed by Franchisee, including without limitation, all W-2s and W-3s; and

11.2.4 Such other forms, reports, records, information, and data as Franchisor may reasonably designate from time to time or as may be described in the Manual.

Time is of the essence for producing the reports, financial statements, and other data required under this Section 11.2.

11.3 Recordkeeping. Franchisee shall prepare, and shall preserve for at least three (3) years from the dates of their preparation complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor in the Manual or otherwise from time to time in writing.

11.4 Inspection and Audit. Franchisor and its designated agents shall have the right at all reasonable times to examine, copy, and/or personally review at Franchisor's expense, the books, records, accounts, and tax returns of Franchisee. Franchisor shall have the right at all reasonable times to remove such books, records, accounts and tax returns for copying. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee. If an inspection or audit should reveal that any income or sales have not been reported or have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount underpaid upon demand, in addition to interest from the date such amount was 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, plus the late fee described in Section 4.4. If an inspection or audit should reveal that any report to Franchisor is incorrect, that any income or sales have not been reported to Franchisor, or that any income or sales have been understated by two percent (2%) or more, then Franchisee shall also pay all of Franchisor's costs and expenses in connection with the inspection or audit, including, without limitation, travel costs, lodging and wage expenses,

and reasonable accounting and legal fees and costs. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or otherwise at law or in equity.

## 12. ADVERTISING AND PROMOTION

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

12.1 Grand Opening Advertising. Franchisee must pay to Franchisor a lump sum, through ACH, of Fifteen Thousand Dollars ($15,000) at least 60 days prior to the opening of the Franchised Business, or which Franchisor will then spend, or expend such funds as Franchisor directs, on local marketing, advertising, and promotion on Franchisee's behalf as part of a grand opening advertising campaign. If Franchisee is purchasing the right to operate an existing PrimoHoagies restaurant Franchisee must pay Franchisor, through ACH, Ten Thousand Dollars ($10,000) grand opening and advertising promotion within 60 days of the date that it signs or otherwise assumes the Franchise Agreement, which Franchisor will then spend on local marketing, advertising, and promotion on Franchisee's behalf.

12.2 Local Marketing, Advertising, and Promotion. Except as otherwise provided herein, Franchisor reserves the right to require Franchisee to expend one percent (1%) of Gross Sales per month, or a minimum of Nine Thousand Dollars ($9,000) per calendar year (prorated for the first and last years of operation), whichever is higher, on local marketing, advertising, and promotion in such manner and at such times as Franchisor may, in its sole discretion, direct in the Manual or otherwise in writing from time to time, including participating in "Customer Appreciating Day(s)" or other Franchisor required promotions (such expenditures will be credited against Franchisee's local marketing requirement). Franchisee shall provide satisfactory evidence of all local advertising and promotion expenditures in such manner as Franchisor shall direct in the Manual or otherwise in writing from time to time. Franchisee acknowledges that the expenditure required by this Section 12.2 is a minimum expenditure only and does not include administrative or personnel costs or expenses you may incur in your local marketing promotions. Franchisor reserves the right to require franchisees in different geographical areas to expend different amounts on local marketing, advertising, and promotion. In addition, Franchisor may designate from time-to-time during the Term which expenditures will, or will not, count toward the local marketing requirement. Franchisor also reserves the right, upon notice to Franchisee, to collect the local advertising requirement, pursuant to Section 4.5, and spend it on Franchisee's behalf.

12.3 PrimoHoagies Brand Fund. During the term of this Agreement, Franchisee shall pay to the System's advertising and brand promotion fund (the "PrimoHoagies Brand Fund") a weekly fee in the amount of three percent (3%) of Franchisee's Gross Sales for the prior Monday through Sunday. Such contributions to the Brand Fund shall be in addition to any expenditures made pursuant to Sections 12.1 or 12.2 hereof and shall be made in accordance with Section 4.4 hereof. The PrimoHoagies Brand Fund shall be maintained and administered by Franchisor as follows:

12.3.1 Franchisor has the right to direct all advertising programs including the PrimoHoagies Brand Fund, with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation, with the purpose of such funds to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System and Franchisor has no obligation in administering any funds to make expenditures for Franchisee or proportionate to Franchisee's payments and contributions;

12.3.2 Franchisee agrees that the PrimoHoagies Brand Fund may be used to meet any and all costs of maintaining, administering, directing and preparing advertising including, without limitation, the cost of preparing television, radio, magazine and newspaper advertising campaigns and other public relations and promotional activities (both local and national in content), including cause marketing initiatives; employing advertising agencies to assist the PrimoHoagies Brand Fund; paying the cost of salaries, benefits and overhead expenses of Franchisor's employees and independent contractors who provide services which are related to the PrimoHoagies Brand Fund or to the planning and execution of promotional, advertising and public relation activities; paying the cost of meetings of franchisee groups which advise Franchisor on advertising and promotional issues; funding cost of any customer comment card and/or secret shopper program (either internally or externally administered); and providing promotional brochures, in store franchise sales materials and other related marketing materials to franchisees in the System. The PrimoHoagies Brand Fund may be used for such reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the PrimoHoagies Brand Fund and advertising programs including, without limitation, conducting marketing research, preparing marketing and advertising materials, and collecting and accounting for assessments for the PrimoHoagies Brand Fund. The PrimoHoagies Brand Fund may be used to purchase products and services from Franchisor and/or its affiliates, regardless of whether these entities profit from such transactions. The PrimoHoagies Brand Fund also may be used to pay costs of registering, defending or enforcing Franchisor's rights to current or future Proprietary Marks, and for other purposes related to the System;

12.3.3 All sums paid by Franchisee to the PrimoHoagies Brand Fund shall be accounted for separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except that Franchisor has the right, in its sole discretion, to be paid up to ten percent (10%) of the monies received by the PrimoHoagies Brand Fund each year as reimbursement for its activities in directing and managing the PrimoHoagies Brand Fund. The PrimoHoagies Brand Fund and any earnings thereon shall not otherwise inure to the benefit of Franchisor. Franchisor shall maintain separate bookkeeping accounts for the PrimoHoagies Brand Fund;

12.3.4 Franchisee acknowledges that the PrimoHoagies Brand Fund is not a trust or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the PrimoHoagies Brand Fund or the monies therein; and

12.3.5 The PrimoHoagies Brand Fund is intended to be of perpetual duration. However, Franchisor maintains the right to terminate the PrimoHoagies Brand Fund. The PrimoHoagies Brand Fund may not be terminated, however, until all monies in the PrimoHoagies

Brand Fund have been expended for advertising and/or promotional purposes or returned to its contributors on the basis of their respective contributions.

12.4 Advertising Cooperative. Franchisor shall have the right, in its discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the PrimoHoagies Restaurant. If a Cooperative has been established in Franchisee's area prior to opening the PrimoHoagies Restaurant, Franchisee shall become a member of the Cooperative no later than thirty (30) days after opening the PrimoHoagies Restaurant. If a Cooperative is established subsequent to Franchisee's opening of the PrimoHoagies Restaurant, Franchisee shall become a member of the Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. If the PrimoHoagies Restaurant is within the territory of more than one Cooperative, Franchisee shall not be required to be a member of more than one Cooperative within that territory.

12.4.1 Each Cooperative shall be organized and governed in a form and manner, shall commence operation on a date, and shall operate pursuant to written governing documents, all of which must be approved in advance by Franchisor in writing;

12.4.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local advertising;

12.4.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials shall be submitted to Franchisor in accordance with the procedures set forth in Section 12.9 hereof;

12.4.4 Each Cooperative shall have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; provided, however, that Franchisee shall not be required to contribute to any Cooperative in excess of one percent (1%) of Gross Sales during any calendar year, unless two-thirds of the members of the Cooperative vote in favor of a greater contribution. Franchisee's payments made under this Section 12.4.4 shall be credited towards the monthly expenditure required to be made under Section 12.2 hereof;

12.4.5 Each member franchisee shall submit to the Cooperative, at such times as the Cooperative requires, its contribution as provided in Section 12.4.4 hereof, together with such other statements or reports as may be required by Franchisor or by the Cooperative with Franchisor's prior approval. All contributions to the Cooperative shall be forwarded by the Cooperative to Franchisor, and Franchisor shall expend such monies as directed by the duly elected representative of the Cooperative;

12.4.6 Franchisor, in its sole discretion, may grant to any franchisee an exemption for any length of time from the requirement of membership in a Cooperative, upon

written request of such franchisee stating the reasons supporting such exemption. Franchisor's decision concerning such request for exemption shall be final; and

12.4.7 Franchisor shall have the power to require the Cooperative to be formed, changed, dissolved, or merged.

12.5 Websites. Unless otherwise approved in writing by Franchisor, Franchisee shall not establish a separate Website. However, Franchisor shall have the right to require that Franchisee have one or more references or webpage(s), as designated and approved in advance by Franchisor, within Franchisor's Website. The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, social and business networking media such as Facebook, Twitter, LinkedIn, and on-line blogs and forums ("Networking Media Websites"). Franchisor shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on Franchisor's Website. However, if Franchisor approves a separate Website for Franchisee (which Franchisor is not obligated to approve; and, which approval, if granted, may later be revoked by Franchisor), then each of the following provisions shall apply:

12.5.1 Franchisee specifically acknowledges and agrees that any Website owned or maintained by or for the benefit of Franchisee, including any posting on or contribution to a Networking Media Website, shall be deemed "advertising" under this Agreement and will be subject to, among other things, Franchisor's prior review and approval;

12.5.2 Before establishing any Website, Franchisee shall submit to Franchisor, for Franchisor's prior written approval, a sample of the proposed Website domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including, without limitation, meta tags) in the form and manner Franchisor may reasonably require;

12.5.3 If approved, Franchisee shall not subsequently modify such Website without Franchisor's prior written approval as to such proposed modification;

12.5.4 Franchisee shall comply with the standards and specifications for Websites that Franchisor may periodically prescribe in the Manual or otherwise in writing;

12.5.5 If required by Franchisor, Franchisee shall establish such hyperlinks to Franchisor's Website and other Websites as Franchisor may request in writing; and

12.5.6 Franchisee shall not post any information relating to Franchisor, the System, the Proprietary Marks, or the Franchised Business on a Networking Media Website without Franchisor's prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media Website that (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Proprietary Marks.

12.6 Advertising Materials. All advertising and promotion by Franchisee shall be in such media and of such type and format as Franchisor may approve, shall be conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may specify. Franchisee shall not use any advertising or promotional plans or materials unless and until Franchisee has received written approval from Franchisor. Franchisor may make available to Franchisee from time to time, at Franchisee's expense, such promotional materials, including newspaper mats, coupons, merchandising materials, point-of-purchase materials, menu boards, special promotions, and similar advertising and promotional materials.

12.7 Promotions. Franchisee acknowledges that periodic rebates, giveaways, and other promotions and programs are an integral part of the System. Accordingly, Franchisee, at its sole cost and expense, from time to time shall issue and offer such rebates, giveaways, and promotions in accordance with any reasonable advertising programs established by Franchisor, and further shall honor rebates, giveaways, and other promotions issued by other franchisees, as long as all of the above do not contravene regulations and laws of appropriate governmental authorities.

12.8 Telephone Directories. Franchisee shall, at its expense, obtain listings in the white and yellow pages of local telephone directories. Franchisee shall comply with Franchisor's specifications concerning the form and size of such listings, and the number of directories in which such listings shall be placed. Additionally, Franchisee shall be required to obtain listings and/or advertise with Franchisor and other franchisees of the System on electronic yellow pages directories and other on-line directories as Franchisor may designate. Franchisor reserves the right to place, and subsequently modify or remove, such on-line listings and advertisements on behalf of Franchisee. For any listings or advertisements posted by or on behalf of Franchisee, Franchisee shall promptly pay, upon demand by Franchisor, its pro rata share of the costs of such listings or advertisements. All telephone numbers and directory listings for the PrimoHoagies Restaurant are the property of Franchisor, and Franchisor has the right to transfer, terminate, or amend such telephone numbers and listings in its sole discretion.

12.9 Approval of Advertising Materials. Franchisee shall submit to Franchisor samples of all advertising and promotional plans and materials for any print, broadcast, cable, electronic, computer or other media (including, without limitation, the Internet) that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within the preceding three (3) months (as provided in Section 21 hereof), for Franchisor's prior approval (except with respect to minimum prices to be charged). Franchisee shall not use such plans or materials until they have been approved in writing by Franchisor. If written notice of disapproval is not received by Franchisee from Franchisor within fifteen (15) days of the date of receipt by Franchisor of such samples or materials, Franchisor shall be deemed to have approved them.

## 13. INSURANCE

13.1 Minimum Insurance Requirements. Franchisee shall purchase and maintain public liability and property damage insurance covering the operation of the Franchised Business and the premises with insurance carriers reasonably acceptable to Franchisor in a minimum amount set forth in the Manual and real and personal property insurance, including fire, products liability and

extended coverage on all risk replacement cost basis or in minimum amounts necessary to cover the Franchised Business' premises and liability for property and personal injury. Franchisee shall carry insurance as may be required by the lease for the premises or by any lender or equipment lessor Franchisee selects and the workers compensation insurance as may be required by applicable law. Franchisee shall add Franchisor to all insurance contracts as an additional insured under the insurance policies at Franchisee's cost. Franchisee shall also obtain auto insurance for all vehicles, as well as hired and non-owned vehicles, used in connection with the Franchised Business, which will include collision and comprehensive coverage as well as liability in the minimum amount set forth in the Manual or the minimum required by state regulations, whichever is greater. Franchisor shall have the right, from time to time, to make such changes in minimum policy limits and endorsements in the Manual or otherwise in writing as it may determine in its reasonable discretion.

13.2 Non-waiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manual shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 20.3 of this Agreement.

13.3 Franchisor Entitled to Recover. All public liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

13.4 Certificates of Insurance. Prior to the commencement of any operations under this Agreement, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Franchisor in the event of material alteration to or cancellation of the coverages evidenced by such Certificates.

13.5 Franchisor's Right to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manual or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to procure and maintain such insurance in Franchisee's name and to charge same to Franchisee, which charges, together with Franchisor's reasonable expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or at law or in equity.

## 14. TRANSFER OF INTEREST

14.1 Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee shall execute such documents of attornment or other documents as Franchisor may request.

14.2 Franchisee's Conditional Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent of Franchisor. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 14.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 15.2.6 of this Agreement. The foregoing remedies shall be in addition to any other remedies Franchisor may have under this Agreement or at law or in equity.

14.3 Conditions of Transfer. Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business, at least thirty (30) days before such transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer. Franchisee must strictly comply with Franchisor's transfer and transaction procedures as set forth in the Operations Manual or other written policies. In addition, Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

14.3.1 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor, its affiliates and all System vendors have been satisfied;

14.3.2 That Franchisee is not in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between Franchisee and Franchisor or its affiliates;

14.3.3 That the transferor, and its guarantors (if any), shall have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents, shareholders, and employees;

14.3.4 That the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only such claims relating to any

provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement;

14.3.5 That (1)(a) the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, or (b) the transferee execute, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Franchisor's then-current form of franchise agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement including, without limitation, reducing or modifying Franchisee's Territory and increasing Franchisee's required royalty fees, brand fund contributions, and other fees, as determined by Franchisor; and (2) the transferee or its principals guaranty the performance of all such obligations in writing in a form satisfactory to Franchisor;

14.3.6 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; has adequate financial resources and capital to operate the Franchised Business; has not operated a business in competition with Franchisor; and has the communication skills that franchisor believes is necessary to be successful;

14.3.7 That Franchisee remain liable for all of the obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

14.3.8 That the transferee (or, if the transferee is a corporation, partnership or limited liability company, a principal of the transferee acceptable to Franchisor), the transferee's manager (if transferee or transferee's principal will not manage the PrimoHoagies Restaurant), at the transferee's expense, have successfully completed any training programs then in effect upon such terms and conditions as Franchisor may reasonably require and pay Franchisor the then-current training fee;

14.3.9 That Franchisor approves the terms and conditions of the transfer agreement between Franchisee and transferee, including, but not limited to, the purchase price (which may, in Franchisor's reasonable discretion, form the sole basis of Franchisor's refusal to consent to the transfer);

14.3.10 That Franchisee pay to Franchisor a transfer fee equal to the greater of Twelve Thousand Five Hundred Dollars ($12,500) or five percent (5%) of the sales price (but not to exceed Twenty Thousand Dollars ($20,000); however, in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership (as determined by Franchisor in its sole discretion), no such transfer fee shall be required;

14.3.11 That Transferee pay directly to Franchisor, by ACH, a grand opening advertising fee of Ten Thousand Dollars ($10,000) in the first sixty (60) days of ownership; and

14.3.12 That Transferor shall make, in a manner satisfactory to Franchisor, such renovations and modernizations of the Premises and the PrimoHoagies Restaurant as Franchisor may require, including, without limitation, installation of new equipment, software systems, and signage, furnishings, fixtures, and décor in order to bring the PrimoHoagies Restaurant in compliance with the specifications and standards then applicable for new PrimoHoagies restaurants. Franchisee's obligation to renovate and refurbish the Premises as a condition to transfer is expressly exempt from any limitations on the amount or frequency of renovations Franchisor may require, including, without limitation, those limitations set forth in Section 7.10.

14.4 No Security Interest. Franchisee shall not grant a security interest in the PrimoHoagies Restaurant or in any of the assets of the PrimoHoagies Restaurant without the express written consent of Franchisor. If Franchisor consents to such security interest, such consent shall be conditioned on, among other things, the secured party's agreement that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void. In the event Franchisor cures any such default of Franchisee, Franchisee shall reimburse Franchisor all amounts paid by Franchisor to cure the default, plus all costs and expenses incurred by Franchisor to cure such default, and Franchisee shall be deemed in default of this Agreement.

14.5 Franchisor's Right of First Refusal. If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase such interest, Franchisee shall notify Franchisor as provided in Section 14.3 hereof, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 14.5 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 14, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

14.6 Death or Incapacity. Upon the death, physical or mental incapacity of any person with an interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within three (3) months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any inter vivos transfer. In the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions in this Section 14, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within a reasonable time, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. If the interest is not disposed of within a reasonable time, Franchisor may terminate this Agreement, pursuant to Section 15.2.7 hereof.

14.7 Non-waiver. Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

## 15. DEFAULT AND TERMINATION

15.1 Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee or opportunity to cure, if: Franchisee becomes insolvent or makes a general assignment for the benefit of creditors; a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; Franchisee is adjudicated bankrupt or insolvent; a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); Franchisee is dissolved; execution is levied against Franchisee's business or property; suit to foreclose any lien or mortgage against the Premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days; or the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

15.2 Notice Without Opportunity to Cure. In addition to the foregoing, upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the provision of notice to Franchisee (in the manner provided under Section 23 hereof):

15.2.1 If Franchisee fails to locate an approved site or to construct and open the PrimoHoagies Restaurant within the time limits provided in the Site Selection Addendum or Section 5.3 hereof;

15.2.2 If Franchisee or the other individuals identified in Section 6.1 fail to complete the Initial Training Program to Franchisor's satisfaction, or fail to attend additional training as described in Section 6.3 hereof;

15.2.3 If Franchisee at any time ceases to operate or otherwise abandons the Franchised Business, or loses the right to possession of the Premises, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located; however, if, through no fault of Franchisee, the Premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the Premises, which approval shall not be unreasonably withheld;

15.2.4 If Franchisee, or any principal, officer, or director of Franchisee, is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith or Franchisor's interest therein; or if Franchisee or any principal, officer, or director of Franchisee commits any acts or engages in any behavior that Franchisor believes is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or Franchisor's interest therein, including but not limited to conduct that is fraudulent, unfair, unethical, or deceptive;

15.2.5 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business;

15.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent, or otherwise contrary to the terms of Section 14 hereof;

15.2.7 If an approved transfer is not effected within the time provided following death or incapacity, as required by Section 14.6 hereof;

15.2.8 If Franchisee fails to comply with the covenants in Section 17.2 hereof or fails to obtain execution of the covenants required under Section 10.2 hereof;

15.2.9 If, contrary to the terms of Sections 9 or 10 hereof, Franchisee discloses or divulges the contents of the Manual or other confidential information provided to Franchisee by Franchisor;

15.2.10 If Franchisee intentionally under-reports Gross Sales;

15.2.11 If Franchisee knowingly maintains false books or records or submits any false reports or other documentation (including Franchisee's application for this franchise) to Franchisor;

15.2.12 If Franchisee misuses or makes any unauthorized or improper use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein; or if Franchisee fails to utilize the Proprietary Marks solely in the manner and for the purposes directed by Franchisor;

15.2.13 If Franchisee refuses to permit Franchisor to inspect the Premises, or the books, records or accounts of Franchisee upon demand as provided for herein;

15.2.14 If Franchisee, after curing any default pursuant to Section 15.3 hereof, commits the same default again, whether or not cured after notice;

15.2.15 If Franchisee commits three (3) defaults, whether or not cured after notice, in any eighteen (18) month period;

15.2.16 If Franchisee sells products not previously approved by Franchisor, or purchases any product from a supplier not previously approved by Franchisor;

15.2.17 If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten any material breach of any such agreement, or any lease for the Franchised Business, and fail to cure such breach within any permitted period for cure. This cross default provision will not apply to a breach of the Area Development Agreement. Defaults and grounds for termination under an Area Development Agreement will be governed by the Area Development Agreement.

15.2.18 If Franchisor cures any default of Franchisee pursuant to Section 14.4 hereof.

15.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 15.1 and 15.2 of this Agreement, upon any other default by Franchisee, Franchisor shall give Franchisee written notice of such default (in the manner set forth under Section 23 hereof) and an opportunity to cure such default within thirty (30) days (or such shorter period specified below) of Franchisee's receipt of such notice. Franchisor shall have the right to terminate this Agreement immediately upon notice to Franchisee if Franchisee fails to cure any default to Franchisor's satisfaction, and provide proof thereof, within the thirty (30) day period (or such shorter period specified below). If applicable law requires a longer cure period, such period shall apply to Franchisor's notice. Defaults which are susceptible of cure hereunder include the following illustrative events:

15.3.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manual, or fails to carry out the terms of this Agreement in good faith;

15.3.2 If Franchisee fails, refuses or neglects promptly to pay any monies owing to Franchisor or its affiliates when due, or to submit the financial or other information required by Franchisor under this Agreement (Franchisee shall have fifteen (15) days from Franchisee's receipt of written notice to cure such default);

15.3.3 If Franchisee fails to maintain or observe any of the standards or procedures prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing ;

15.3.4 Except as provided in Section 15.2.6 hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

15.3.5 If, upon inspection by Franchisor or a government health inspector, Franchisee's PrimoHoagies Restaurant is in violation of the health, safety, or sanitation standards prescribed by Franchisor in this Agreement, the Manual, or otherwise in writing, or is in violation of any health or safety law, codes, or regulation (Franchisee shall have twenty-four (24) hours from Franchisee's receipt of written notice to cure such default);

15.3.6 If Franchisee acts, or fails to act, in any manner which is inconsistent with or contrary to its lease or sublease for the Premises, or in any way jeopardizes its right to renewal of such lease or sublease (Franchisee shall have seven (7) days from Franchisee's receipt of written notice to cure such default);

15.3.7 If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks (Franchisee shall have seven (7) days from Franchisee's receipt of written notice to cure such default);

15.3.8 If Franchisee fails to comply with all applicable laws, rules and regulations related to the operation of the PrimoHoagies Restaurant (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the PrimoHoagies Restaurant);

15.3.9 If Franchisee fails to keep in stock such inventory as Franchisor may specify in the Manuals or otherwise in writing, from time to time (Franchisee shall have two (2) days from Franchisee's receipt of written notice to cure such default**)**;

15.3.10 If Franchisee fails to follow Franchisor's required recipes that Franchisor may specify in the Manuals or otherwise in writing, from time to time (Franchisee shall have two (2) days from Franchisee's receipt of written notice to cure such default**)**; or

15.3.11 If Franchisee fails to maintain acceptable customer satisfaction scores as prescribed by Franchisor from time to time in the Manual or otherwise in writing, based on customer surveys conducted by Franchisor or its designee.

15.4 Limitation of Services or Benefits. If Franchisee receives a notice of default issued pursuant to either (a) Section 15.2, or (b) Section 15.3 and fails to cure such default within the time period permitted in such notice, Franchisor shall have the right, in its sole discretion, to temporarily or permanently limit, curtail, or remove certain services or benefits provided or required to be provided to Franchisee hereunder in lieu of exercising its right to terminate this Agreement pursuant to its terms, including, without limitation:

15.4.1 To restrict Franchisee or any of Franchisee's staff attendance at any initial training, continuing training, meetings, workshops, or conventions;

15.4.2 To refuse to sell or furnish to Franchisee any supplies, products, or advertising and promotional materials;

15.4.3 To refuse to provide Franchisee ongoing advice about the operation of the PrimoHoagies Restaurant;

15.4.4 To refuse any request by Franchisee to approve a new supplier;

15.4.5 To refuse any request by Franchisee to approve the use of any advertising or promotional materials;

15.4.6 To prohibit Franchisee from participating in rebates, giveaways, or other promotions; and

15.4.7 To terminate Franchisee's right to use the Required Software.

Franchisee agrees to hold Franchisor harmless with respect to any action taken by Franchisor pursuant to this Section 15.4; and Franchisee further agrees that Franchisor shall not be liable for any loss, expense, or damage incurred by Franchisee or the PrimoHoagies Restaurant because of any action Franchisor takes pursuant to this Section 15.4. Nothing in this Section 15.4 constitutes a waiver of any right or remedy of the Franchisor under this Agreement or any other agreement between Franchisee and Franchisor, including, without limitation, the right to terminate this Agreement under Sections 15.1, 15.2, and 15.3 hereof. Franchisee acknowledges and agrees that Franchisor's exercise of its rights pursuant to this Section 15.4 shall not be deemed a constructive termination of this Agreement or of any other agreement between Franchisee and Franchisor, and shall not be deemed a breach of any provision of this Agreement by Franchisor. Any services or benefits removed, curtailed, or limited pursuant to this Section 15.4 may be reinstated at any time by Franchisor in its sole discretion and Franchisee hereby agrees to accept immediately any such reinstatement of services or benefits so removed, curtailed, or limited. Franchisee acknowledges and agrees that, if Franchisor limits any services or benefits under this Section 15.4, Franchisee shall continue to pay timely all fees and payments required under this Agreement and any other agreement between Franchisee and Franchisor, including, without limitation, any fees associated with services or benefits limited by Franchisor. Franchisee shall have no right to a refund of any fees paid in advance for such services or benefits.

## 16. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement for any reason, all rights granted hereunder to Franchisee shall forthwith terminate, and:

16.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor. Immediately upon the expiration or termination

hereof, Franchisee shall dispose of, and not sell, any PrimoHoagies menu items or other products sold hereunder.

16.2 Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures and techniques associated with the System, and all Proprietary Marks and distinctive forms, slogans, signs, symbols, colors, and devices associated with the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms, products and any other articles that display the Proprietary Marks.

16.3 Cancellation of Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "PrimoHoagies", or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

16.4 Assignment of Lease. Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Premises, Franchisee shall make such modifications or alterations to the Premises (including, without limitation, the changing of, and the assigning to Franchisor of, the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the Premises from that of the PrimoHoagies Restaurant under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 16.4, Franchisor shall have the right to enter upon the Premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

16.5 Subsequent Use of Proprietary Marks Prohibited.

16.5.1 Within ten (10) days of termination or expiration Franchisee shall de-identify the Premises and remove all signs, fixtures, equipment, promotional items, pylons, window graphics or other materials bearing the Proprietary Marks or any other identifying characteristic associated with the System.

16.5.2 Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including but not limited to reference to Franchisor, the System or the Proprietary Marks) which, in Franchisor's sole discretion, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.

16.6 Payment. Franchisee shall promptly pay all sums owing to Franchisor, its affiliates and vendors. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the Premises operated hereunder at the time of default.

16.7 Liquidated Damages Upon Termination Due to Franchisee's Default. In the event this Agreement is terminated prior to the end of its term due to Franchisee's default hereunder, in addition to the amounts set forth in Section 16.6 above, Franchisee shall promptly pay to Franchisor a lump sum payment (as damages and not as a penalty) for breaching this Agreement in an amount equal to: (a) the average monthly royalty fee and PrimoHoagies Brand Fund fee payable by Franchisee under Sections 4.2 and 12.3 above over the twelve (12) month period immediately preceding the date of termination (or such shorter time period if the PrimoHoagies Restaurant has been open less than twelve (12) months); (b) multiplied by the lesser of (a) thirty-six (36) months or (b) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light of the damages Franchisor will incur for Franchisee's material default causing the premature termination of this Agreement. This lump sum payment shall be in lieu of any damages Franchisor may incur as a result of Franchisee's default, but it shall be in addition to all amounts provided above in Section 16.6 and any attorneys' and accountants' fees and other costs and expenses to which Franchisor is entitled under the terms of this Agreement, including but not limited to, Section 26 below. Franchisee's payment of this lump sum shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies to enforce this Section 16 and the covenants set forth in Sections 10 and 17.

16.8 Return Manual. Franchisee shall immediately deliver to Franchisor the Manual, paper and electronic spreadsheets and checklists and all other records, correspondence and instructions containing confidential information relating to the operation of the PrimoHoagies Restaurant (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor, and shall retain no copy or record of any of the foregoing, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

16.9 Websites. Franchisee shall cease use of any PrimoHoagies domain name, URL, or home page address, and shall not establish any Website using any similar or confusing domain name, URL, and/or home page address.

16.10 Franchisor's Option to Purchase Equipment. Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of the Franchise Agreement, to purchase from Franchisee any or all of the equipment, signs, and fixtures related to the operation of the PrimoHoagies Restaurant at fair market value or at forty percent (40%) of Franchisee's original investment, exclusive of supplies and inventory, whichever is less, and to purchase any or

all supplies and inventory of the Franchised Business at Franchisee's cost or fair market value, whichever is less. If the parties cannot agree on the price of any such items within a reasonable time, an independent appraisal shall be conducted at Franchisor's expense, and the appraiser's determination shall be binding. If Franchisor elects to exercise any option to purchase herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against any payment therefore.

16.11 Assignment of Telephone Numbers. At Franchisor's request, Franchisee shall assign all telephone numbers and listings to Franchisor or its designee pursuant to the Telephone Number Assignment Agreement attached hereto as Exhibit I.

16.12 Compliance With Covenants. Franchisee shall comply with the covenants contained in Sections 10.1 and 17.3 of this Agreement.

## 17. COVENANTS

17.1 Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member of Franchisee) or Franchisee's fully-trained manager shall devote full time, energy, and best efforts to the management and operation of the PrimoHoagies Restaurant, which shall include, but not be limited to, dedicating at least forty (40) hours per week to the on-premises management of the PrimoHoagies Restaurant. If Franchisee owns more than one PrimoHoagies Restaurant, Franchisee shall dedicate a total at least forty (40) hours per week to the on-premises management of the PrimoHoagies Restaurants that Franchisee owns and shall have a fully-trained manager dedicate at least forty (40) hours per week to the on-premises management of each PrimoHoagies Restaurant.

17.2 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

17.2.1 Divert or attempt to divert any present or prospective business or customer of any Franchisor restaurant to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

17.2.2 Own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business which: (a) is the same as, or substantially similar to, a PrimoHoagies restaurant; or (b) offers to sell or sells hoagies or other deli or specialty sandwiches where the sale of such items constitutes ten percent (10%) or more of the gross sales

of such retail business. The prohibitions in this Section 17.2 shall not apply to interests in or activities performed in connection with the PrimoHoagies Restaurant.

17.3 Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous, uninterrupted period of two (2) years commencing upon the date of (a) a transfer permitted under Section 14 of this Agreement, (b) expiration of this Agreement, (c) termination of this Agreement (regardless of the cause for termination), or (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 17.3, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide assistance to, or have any interest in (as owner or otherwise) any retail business that: (a)(i) is the same as, or substantially similar to, a PrimoHoagies restaurant; or (ii) offers to sell or sells hoagies or other deli or specialty sandwiches where the sale of such items constitutes ten percent (10%) or more of the gross sales of such retail business; and (b) is, or is intended to be, located at or within:

17.3.1 Franchisee's Territory;

17.3.2 Five (5) miles of Franchisee's Territory; or

17.3.3 Ten (10) miles of any PrimoHoagies restaurant.

The prohibitions of Sections 17.2.3 and 17.3 shall not apply to Franchisee's interests in or operation of a PrimoHoagies restaurant under a written Franchise Agreement.

17.4 No Application to Equity Securities. Sections 17.2.3 and 17.3 shall not apply to ownership by Franchisee of a less than five percent (5%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

17.5 Reduction of Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 17.2 and 17.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

17.6 No Defense. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 17.

17.7 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 17 is held unreasonable or unenforceable by a court,

arbitrator, or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty on Franchisee permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 17.

17.8 Irreparable Injury. Franchisee acknowledges that Franchisee's violation of any of the terms of this Section 17 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 17.

17.9 Franchisor's Costs and Expenses. Franchisee shall pay Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in obtaining injunctive or other relief for the enforcement of any provision of this Section 17.

## 18. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

18.1 Franchisee Corporation. If Franchisee is a corporation, Franchisee shall comply with the following requirements:

18.1.1 Franchisee shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to operating the Franchised Business;

18.1.2 Copies of Franchisee's Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor;

18.1.3 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and shall issue no certificates for voting securities upon the face of which the following printed legend does not legibly and conspicuously appear:

> The transfer of this stock is subject to the terms and conditions of a Franchise Agreement with PrimoHoagies Franchising, LLC dated _____. Reference is made to the provisions of the said Franchise Agreement and to the Articles and Bylaws of this Corporation.

Notwithstanding the above, the requirements of this Section 18.1.3 shall not apply to a "publicly-held corporation." A "publicly-held corporation" for purposes of this Agreement shall mean a corporation registered pursuant to the Securities and Exchange Act of 1934; and

18.1.4 Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to Franchisor upon request.

18.2 Franchisee Partnership. If Franchisee or any successor to or assignee of Franchisee is a partnership, it shall comply with the following requirements:

18.2.1 Franchisee shall be newly organized and shall furnish Franchisor with a copy of its partnership agreement as well as such other documents as Franchisor may reasonably request, and any amendments thereto;

18.2.2 The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement; and

18.2.3 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Franchisee.

18.3 Franchisee Limited Liability Company. If Franchisee or any successor to or assignee of Franchisee is a limited liability company, it shall comply with the following requirements:

18.3.1 Franchisee must be newly organized and the articles of incorporation or operating agreement must at all times provide that Franchisee's activities are confined exclusively to operating the Franchised Business;

18.3.2 Franchisee shall furnish Franchisor with a copy of its articles of organization and operating agreement as well as such other governing documents as Franchisor may reasonably request, and any amendments thereto;

18.3.3 The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement; and

18.3.4 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all members in Franchisee or parties that hold any ownership interest in Franchisee.

18.4 Guaranty and Indemnification. If Franchisee is a corporation, partnership or limited liability corporation, or if any successor to or assignee of Franchisee is a partnership or limited liability corporation, then all of the principals thereto shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit F.

## 19. TAXES, PERMITS, AND INDEBTEDNESS

19.1 Payment of Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, employer's portion of employment-related taxes (FICA, Medicare and unemployment taxes) and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any state or local taxes, including, without limitation, sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, that may be imposed on Franchisor as a result of Franchisor's receipt or accrual of the initial franchise fee, royalty fees, advertising fees, renewal fees, and all other fees that are referenced in

this Agreement, whether assessed against Franchisee through withholding or other means or whether paid by Franchisor directly, unless the tax is credited against income tax otherwise payable by Franchisor. In such event, Franchisee shall pay to Franchisor (or to the appropriate governmental authority) such additional amounts as are necessary to provide Franchisor, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that Franchisor would have received or accrued had such withholding or other payment, whether by Franchisee or by Franchisor, not been required.

19.2 Contesting Taxes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Premises, or any improvements thereon.

19.3 Permits and Licenses. Franchisee shall comply with all federal, state, and local laws, rules, and regulations, including without limitation, the applicable provisions of the ADA regarding the construction, design, and operation of the Franchised Business and applicable provisions of Section 4205 of the Patient Protection and Affordable Care Act of 2010 and related regulations regarding disclosure of nutritional information on menus and menu boards, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, occupancy licenses, sales tax permits, construction permits, health permits, food service permits, building permits, alcoholic beverage licenses, handicap permits and fire clearances. Franchisee shall comply with all federal and state laws requiring disclosure of nutritional information on menus and menu boards, including, but not limited to, the requirements of Section 4205 of the Patient Protection and Affordable Care Act of 2010 and related regulations.

19.4 Notification of Adverse Action. Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

## 20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

20.1 Independent Contractor. Franchisor and Franchisee agree that this Agreement does not create a fiduciary relationship between them for any purpose, and acknowledge that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, or servant of the other for any purpose whatsoever. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement with Franchisor. Franchisee agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the Premises, the content of which Franchisor reserves the right to specify or approve. Franchisee acknowledges and agrees that Franchisor's usual business is the offering and selling rights to operate PrimoHoagies restaurants using the Proprietary Marks and System, developing enhancements to the System, and providing assistance to PrimoHoagies franchisees,

and, accordingly, Franchisor's usual business is different from Franchisee's usual business of operating a retail PrimoHoagies restaurant. Notwithstanding any other provision of this Agreement, Franchisor and Franchisee acknowledge and agree that Franchisee is solely responsible for all personnel and employment decisions relating to the Franchised Business, including, without limitation, decisions related to hiring, training, firing, discharging and disciplining employees, and to supervising Franchisee's employees, settling their wages, hours of employment, record-keeping and any benefits, and that Franchisor shall have no direct or indirect authority or control over any employment-related matters for Franchisee's employees. Franchisee shall require each of its employees to acknowledge in writing that Franchisee (and not Franchisor) is the employer of such employee. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors.

20.2 No Authority to Contract. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor.

20.3 Indemnification. Franchisee shall indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business, the business conducted under this Agreement, or Franchisee's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Franchisee in which Franchisor is not a party, Franchisee shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Franchisee acknowledges and agrees that Franchisee's indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

## 21. APPROVALS AND WAIVERS

21.1 Approval and Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing.

21.2 No Warranties or Guarantees. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.3 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall any delay, force, or omission of Franchisor to exercise any power or right arising out of any breach of default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

## 22. GRANT OF SECURITY INTEREST

As security for the payment of all amounts from time to time owing by Franchisee to Franchisor under this Agreement and all other agreements between the parties, and performance of all obligations to be performed by Franchisee, Franchisee hereby grants to Franchisor a security interest in all of the assets of Franchisee, including, without limitation, all equipment, furniture, fixtures, and building and road signs, as well as all proceeds of the foregoing (the "Collateral"). Franchisee warrants and represents that the security interest granted hereby is prior to all other security interests in the Collateral, except bona fide purchase money security interests or security interests held by financial institutions, if any. Franchisee agrees not to remove the Collateral, or any portion thereof, from the Premises without the prior written consent of Franchisor. Upon the occurrence of any event entitling Franchisor to terminate this Agreement or any other agreement between the parties, Franchisor shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the State in which the Franchised Business is located, including, without limitation, the right to take possession of the Collateral. Franchisee agrees to execute and deliver to Franchisor financing statements or such other documents as Franchisor reasonably deems necessary to perfect Franchisor's interest in the Collateral within ten (10) days of receipt by Franchisee of such documents from Franchisor. Any notices delivered or mailed in accordance with Section 23 hereof at least fifteen (15) days prior to disposition of the Collateral, or any portion thereof, and, in reference to a private sale, need state only that Franchisee intends to negotiate such a sale.

## 23. NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by mail, or sent by other means (including, without limitation, private delivery or courier service), unless and until a different address has been

designated by written notice to the other party:

Notices to Franchisor: PrimoHoagies Franchising, LLC
610 Ryan Ave, Unit 4,
Westville, NJ 08093
Attn: Mr. Nicholas Papanier Jr.

Notices to Franchisee: _____
_____
_____
Attn:_____
Email: _____

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

## 24. ENTIRE AGREEMENT

This Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Franchisee to execute this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement or any related agreement between Franchisee and Franchisor is intended to disclaim the representations made by Franchisor in its Franchise Disclosure Document.

## 25. SEVERABILITY AND CONSTRUCTION

25.1 Severability. If, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and said invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

25.2 Survival. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment, including but not limited to Sections 10, 17, and 26.

25.3 No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders,

agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Section 14 hereof, any rights or remedies under or by reason of this Agreement.

25.4 Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court, arbitrator, or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court, arbitrator, or agency order.

25.5 Captions and Headings. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

## 26. APPLICABLE LAW AND DISPUTE RESOLUTION

26.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Jersey, without reference to this state's conflict of laws principles.

26.2 Internal Dispute Resolution. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 26.7 of this Agreement, and make every effort to resolve the dispute internally. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

26.3 Mediation. At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 26.2 above, will be submitted first to mediation to take place at Franchisor's then-current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to

mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 26.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.

26.4 Injunctive Relief. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the Proprietary Marks and Confidential Information (including any proprietary software used in connection with the Franchised Business); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Proprietary Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) to prohibit any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

26.5 Venue. Subject to Sections 26.2 through 26.4 of this Agreement, the parties agree that any actions arising out of or related to this Agreement must be initiated and litigated to conclusion exclusively in the state court of general jurisdiction closest to Franchisor's then-current corporate headquarters or, if appropriate, the United States District Court for the District of New Jersey. Franchisee acknowledges that this Agreement has been entered into in the State of New Jersey, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in New Jersey, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of New Jersey as set forth in this Section.

26.6 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the dispute resolution provisions set forth in this Section 26, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such person(s) by Franchisee.

26.7 Notice Requirement. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within sixty (60) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

26.8 No Withholding of Payments. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

26.9 Limitation of Actions. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless Franchisee brings an action/suit against Franchisor before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner. Any action/suit that Franchisee does not bring this period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.

26.10 Waiver of Punitive Damages. Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Franchisee's default, which the parties agree and acknowledge Franchisor may claim under this Agreement.

26.11 Franchisor's Costs and Expenses. Subject to the provisions of Section 26.3 above, Franchisee shall pay all expenses, including attorneys' fees and costs, incurred by Franchisor, its affiliates, and its successors and assigns in connection with (a) any defaults of Franchisee under this Agreement, including Franchisor's notification of Franchisee of such defaults; (b) enforcing any of Franchisor's rights under this Agreement; (c) effecting termination of this Agreement; and (d) collecting any amounts due under this Agreement.

26.12 WAIVER OF JURY TRIAL. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO

WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

26.13 WAIVER OF CLASS ACTIONS. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

26.14 Costs and Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must reimburse Franchisor for all costs/expenses incurred in connection with enforcing its rights under this Agreement including all reasonable attorneys' fees, court costs and litigation expenses. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

26.15 Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

26.15.1 Whenever this Agreement provides that Franchisor has or reserves (retains) a certain right, that right is absolute and the parties intend that Franchisor's exercise of that right will not be subject to any limitation or review. Franchisor has the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

26.15.2 Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees or is required to exercise its rights reasonably or in good faith, Franchisor will satisfy its obligations whenever it exercises "reasonable business judgment" in making its decision or exercising its rights. A decision or action by Franchisor will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of Franchisor. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the Business System. Neither Franchisee nor any third party (including a trier of fact), will substitute their judgment for Franchisor's reasonable business judgment.

## 27. FORCE MAJEURE

27.1 Non-Performance or Delay. Neither party shall be responsible to the other for non-performance or delay in performance occasioned by causes beyond its control, including without limiting the generality of the foregoing: (a) acts of God; (b) acts of war, terrorism, or insurrection; (c) strikes, lockouts, labor actions, boycotts, floods, fires, hurricanes, tornadoes, and/or other casualties; and/or (d) the inability of Franchisor and/or its affiliates or suppliers to manufacture, purchase, and/or cause delivery of any products used in the operation of the PrimoHoagies Restaurant.

27.2 Delay in Making Payments. The inability of either party to obtain and/or remit funds shall be considered within control of such party for the purpose of this Section. If any such delay occurs, any applicable time period shall be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that Franchisee shall remain obligated to promptly pay all fees due and owing to Franchisor hereunder, without any such delay or extension.

## 28. ACKNOWLEDGMENTS

28.1 Site Approval. Franchisee hereby acknowledges and agrees that Franchisor's approval of the site for the PrimoHoagies Restaurant does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the PrimoHoagies Restaurant's site, the PrimoHoagies Restaurant's profitability or success, or for any other purpose, or of its compliance with any applicable zoning or land-use regulations or ordinances and any federal, state and local laws, codes and regulations including, without limitation, the applicable provisions of the Americans with Disabilities Act (the "ADA") regarding the construction, design and operation of the PrimoHoagies Restaurant. Franchisee acknowledges and agrees that Franchisee, and not Franchisor, has the duty and obligation to locate and lease a site for the PrimoHoagies Restaurant, that Franchisor makes no representation, warranty, or guarantee that a suitable and acceptable site will be located, and that Franchisor's approval of a site is not a guarantee or warranty that an acceptable lease can be negotiated or executed.

28.3 Acknowledgment of Receipt. Franchisee acknowledges that it received Franchisor's current Franchise Disclosure Document at least fourteen (14) calendar days prior to the date on which this Agreement was executed or Franchisee paid any money to Franchisor. Franchisee further acknowledges that it received a complete copy of this Agreement, the attachments hereto, and all related agreements attached to the Franchise Disclosure Document, and that Franchisee waited at least seven (7) calendar days prior to executing them if any changes to such agreements were unilaterally and materially made by Franchisor.

28.4 Compliance With Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" shall mean (1) those persons designated by the U.S. Department of Treasury's Office of

Foreign Assets Control from time to time as a "specially designated national" or "blocked person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order, or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the Internet website address, www.ustreas.gov/offices/enforcement/ofac. Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is a Specially Designated National or Blocked Person, and that Franchisee (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity. Franchisee agrees that Franchisee shall immediately provide written notice to Franchisor of the occurrence of any event which renders the representations and warranties in this Section 28.5 incorrect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first above written.

**PRIMOHOAGIES FRANCHISING, LLC**

_____
Attest

By: _____

Name: Nicholas Papanier Jr.

Title: President and CEO

**FRANCHISEE**

_____
Witness/Attest

By: _____

Name: _____

Title: _____

**EXHIBIT A TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

**DISCLOSURE OF PRINCIPALS**
**(To be completed if Franchisee is a Corporation, Partnership, or Limited Liability Company Only)**

1. Date: _____

2. Franchisee Contact. The following individual is a shareholder, member, or partner of Franchisee and is the principal person to be contacted on all matters relating to the Franchised Business:

Name: _____

Address: _____

_____

Daytime Telephone No.: _____

Evening Telephone No.: _____

E-mail Address: _____

3. Franchisee Owners. The undersigned agree and acknowledge that the following is a complete list of all of the shareholders, partners, or members ("Owners") of Franchisee and the percentage interest of each individual:

| Name | Position | Interest (%) |
|---|---|---|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

IN WITNESS WHEREOF, the undersigned has duly executed this Disclosure of Principals on the date first above written.

**FRANCHISEE**

_____
Witness/Attest

By: _____

Name: _____

Title: _____

**OWNERS**

_____
Witness

By: _____

Name: _____

_____
Witness

By: _____

Name: _____

_____
Witness

By: _____

Name: _____

**EXHIBIT B TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

**APPROVED LOCATION; TERRITORY**

1. The Approved Location is: _____

_____

2. Franchisee's Territory is defined as: _____

_____

_____

**PRIMOHOAGIES FRANCHISING, LLC**

_____
Attest

By: _____

Name: Nicholas Papanier Jr.

Title: President and CEO

**FRANCHISEE**

_____
Witness/Attest

By: _____

Name: _____

Title: _____

**EXHIBIT C TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## SITE SELECTION ADDENDUM

PrimoHoagies Franchising, LLC (hereinafter the "Franchisor") and _____
_____
(hereinafter "Franchisee"), have this date, _____, 20___, entered into a certain Franchise Agreement (the "Franchise Agreement") and desire to supplement its terms, as set forth below. The parties hereto therefore agree as follows:

1. Within one-hundred twenty (120) days after Franchisee's execution of the Franchise Agreement, Franchisee shall obtain a site, at Franchisee's expense, for the PrimoHoagies Restaurant (the "PrimoHoagies Restaurant") franchised under the Franchise Agreement, which premises shall be approved by Franchisor as hereinafter provided. The premises shall be within the following territory ("Site Selection Territory"):

_____
_____.

Franchisee acknowledges and agrees that the Franchisee's Territory described in Exhibit B of the Franchise Agreement will not be the same as the Site Selection Area and the Franchisee's Territory may be significantly smaller than the Site Selection Area.

2. Failure by Franchisee to obtain premises for the PrimoHoagies Restaurant within the time required in Section 1 hereof shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee's acquisition by lease or purchase of a site for the PrimoHoagies Restaurant, Franchisee shall submit to Franchisor such information or materials as Franchisor may reasonably require for Franchisor's approval of the site, including a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee's favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee agrees that Franchisee must submit a proposed site, together with the information and materials required by this Section 3, to Franchisor for its approval within sixty (60) days after execution of this Site Selection Addendum. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor's sole discretion, the site as a location for the PrimoHoagies Restaurant. No proposed site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

4. Franchisor shall furnish to Franchisee the following:

a. Such site selection guidelines and consultation as Franchisor deems advisable; and

b. Such site evaluations as Franchisor deems advisable as part of its evaluation of Franchisee's request for site approval; Franchisor shall not be required to provide any on-site evaluations in its sole discretion.

5. If Franchisee will occupy the premises of the PrimoHoagies Restaurant under a lease, Franchisee, shall, prior to the execution thereof, (1) execute the Conditional Assignment of Lease and obtain the Lessor's execution of the Consent and Agreement of Lessor, in the forms attached as Exhibit G to the Franchise Agreement, and (2) submit the lease to Franchisor for its prior written approval. Franchisor's approval of the lease may be conditioned upon the inclusion in the lease such terms and conditions as Franchisor may reasonably require, including, without limitation:

a. That the initial term of the lease, or the initial term together with renewal terms, shall be for not less than ten (10) years;

b. That the lessor consents to Franchisee's use of such Proprietary Marks and initial signage as Franchisor may prescribe for the PrimoHoagies Restaurant;

c. That the use of the premises be restricted solely to the operation of the PrimoHoagies Restaurant;

d. That Franchisee be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without Franchisor's prior written consent;

e. That lessor provide to Franchisor copies of any and all notices of default given to Franchisee under the lease;

f. That Franchisor has the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g. That Franchisor has the option, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Franchisee's rights under the lease terms, including the right to assign or sublease.

6. Franchisee shall furnish Franchisor with a copy of any executed lease within five (5) days after execution thereof.

7. After a site for the PrimoHoagies Restaurant has been approved in writing by Franchisor and obtained by Franchisee pursuant to Section 3 hereof, the site shall constitute the Approved Location referred to in Section 1.2 of the Franchise Agreement.

8. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the PrimoHoagies Restaurant or for any other purpose or the site's

compliance with any federal, state and local laws, codes and regulations, including, without limitation, the applicable provisions of the Americans with Disabilities Act regarding the construction, design, and operation of the PrimoHoagies Restaurant. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site approved by Franchisee to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the PrimoHoagies Restaurant at the site is based on its own independent investigation of the suitability of the site.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first above written.

**PRIMOHOAGIES FRANCHISING, LLC**

_____
Attest

By: _____

Name: Nicholas Papanier Jr.

Title: President and CEO

**FRANCHISEE**

_____
Witness/Attest

By:_____

Name:_____

Title:_____

**EXHIBIT D TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## ADA CERTIFICATION

PrimoHoagies Franchising, LLC ("Franchisor") and _____ ("Franchisee") are parties to a franchise agreement dated _____, 20____ (the "Franchise Agreement") for the operation of a PrimoHoagies restaurant at _____ (the "PrimoHoagies Restaurant"). In accordance with Section 5.4 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the PrimoHoagies Restaurant and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee agrees to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

IN WITNESS WHEREOF, the undersigned has duly executed this ADA Certification on the date first above written.

**FRANCHISEE**

_____
Witness/Attest

By:_____

Name:_____

Title:_____

**EXHIBIT E TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my position as _____ of _____ (the "Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. PrimoHoagies Franchising, LLC (the "Franchisor"), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive format and system (the "System") relating to the establishment and operation of PrimoHoagies restaurants, which are quick service restaurants that serve a variety of "hoagie" sandwiches, salads, assorted side dishes and soft drinks, and such other menu items as Franchisor may designate from time to time, under the trade name "PrimoHoagies," all of which Franchisor may change from time to time.

2. As an employee of Franchisee, I will receive valuable confidential information, disclosure of which would be detrimental to Franchisor and Franchisee, including, without limitation, information relating to recipes, cooking methods, preparation of menu items, drawings, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, marketing, and advertising, relating to the System and the establishment and operation of PrimoHoagies restaurants which are beyond the present skills and experience possessed by me. This list of confidential matters is illustrative only and does not include all matters considered confidential by Franchisor and Franchisee.

3. I will hold in strict confidence all information designated by Franchisor or Franchisee as confidential. Unless Franchisor otherwise agrees in writing, I will disclose and/or use the confidential information only in connection with my duties as an employee of Franchisee. My undertaking not to disclose confidential information is a condition of my position with Franchisee, and continues even after I cease to be in that position.

4. While in my position with Franchisee, I will not do anything which may injure Franchisee or Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any PrimoHoagies restaurant to any competitor, by direct or indirect inducement or otherwise; or (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's marks and the System.

5. While in my position with Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise), any other retail business which: (a) is the same as, or substantially similar to, a PrimoHoagies restaurant; or (b) offers to sell or sells hoagies or other deli or specialty sandwiches where the sale of such items constitutes ten percent (10%) or more of the gross sales of such retail business. Provided, however, that this Paragraph 5 shall not apply to my current position with Franchisee.

6. For two (2) years after I cease to be in my position with Franchisee, I will not own, maintain, operate, engage in, be employed by, provide any assistance or advice to, or have any interest in (as owner or otherwise) any other retail business that: (a)(i) is the same as, or substantially similar to, a PrimoHoagies restaurant; or (ii) offers to sell or sells hoagies or other deli or specialty sandwiches where the sale of such items constitutes ten percent (10%) or more of the gross sales of such retail business; and (b) is, or is intended to be, located at or within: (i) Franchisee's Territory, which I acknowledge has been described to me; (ii) five (5) miles of Franchisee's Territory; or (iii) five (5) miles of any PrimoHoagies franchisee's territory.

7. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with Franchisee. I am aware that my violation of this Agreement will cause Franchisor and Franchisee irreparable harm; therefore, I acknowledge and agree that Franchisor and/or Franchisee may apply for the issuance of an injunction preventing me from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay Franchisor and Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to Franchisor and Franchisee, any claim I have against Franchisor or Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

8. Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.

9. This Agreement shall be construed under the laws of the State of New Jersey. Except as provided in Paragraph 8 above, the only way this Agreement can be changed is in a writing signed by both Franchisee and me.

Signature:_____

Name:_____

Address:_____

Title:_____

**ACKNOWLEDGED BY FRANCHISEE**

By:_____

Name:_____

**EXHIBIT F TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to PrimoHoagies Franchising, LLC ("Franchisor") to execute the Franchise Agreement between Franchisor and _____ ("Franchisee") dated _____ 20___ (the "Agreement"), the undersigned (the "Guarantors"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee's obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the Guarantors will immediately make each payment to Franchisor required of Franchisee under the Agreement. The Guarantors hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and mediation fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

The Guarantors hereby acknowledge and agree to be individually bound by all of the confidentiality provisions and non-competition covenants contained in Sections 10 and 17 of the Agreement.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Franchisee, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by Franchisor. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and

obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 26 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the State of New Jersey. In the event of any conflict of law, the laws of New Jersey shall prevail, without regard to, and without giving effect to, the application of the State of New Jersey conflict of law rules.

The Guarantors agree that the dispute resolution and attorney fee provisions in Section 26 of the Agreement are hereby incorporated into this Guarantee by reference, and references to "Franchisee" and the "Franchise Agreement" therein shall be deemed to apply to "Guarantors" and this "Guarantee," respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery (including, without limitation, private delivery or courier service), to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: PrimoHoagies Franchising, LLC
610 Ryan Ave, Unit 4,
Westville, NJ 08093
Attn: Mr. Nicholas Papanier Jr.

Notices to Guarantors: _____
_____
_____
Attn:_____
email: _____

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

IN WITNESS WHEREOF, each of the Guarantors has signed this Guarantee as of the date of the Agreement.

**GUARANTORS**

_____ By:_____

Witness

Name:_____

_____ By:_____

Witness

Name:_____

_____ By:_____

Witness

Name:_____

_____ By:_____

Witness

Name:_____

**EXHIBIT G TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## CONDITIONAL ASSIGNMENT OF LEASE

**FOR VALUE RECEIVED**, the undersigned ("Assignor") hereby assigns and transfers to PrimoHoagies Franchising, LLC, a Delaware limited liability company with its principal place of business at 610 Ryan Ave, Unit 4, Westville, NJ 08093 ("Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease, a copy of which is attached hereto as Exhibit 1 (the "Lease") respecting premises commonly known as _____ _____ (the "Premises"). This Assignment is for collateral purposes only and, except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the Premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a PrimoHoagies Restaurant between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

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

**ASSIGNOR**

_____
Witness/Attest

By:_____

Name:_____

Title:_____

## CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the aforedescribed Lease hereby:

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

(b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Lessor of notice thereof in accordance with paragraph (a) above;

(c) Consents to the foregoing Conditional Assignment of Lease and agrees that if Assignee takes possession of the premises demised by the Lease and confirms to Lessor the assumption of the Lease by Assignee as tenant thereunder, Lessor shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the defaults, if any, of Assignor under the Lease; and

(d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Lessor and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.

**LESSOR**

_____
Witness/Attest

By:_____

Name:_____

Title:_____

**EXHIBIT H TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## FRANCHISEE DISCLOSURE QUESTIONNAIRE

**Do not complete and/or sign this Questionnaire if you are a California, Illinois, Indiana, Maryland, Michigan, New York, Rhode Island or Virginia resident or the business is to be operated in California, Illinois, Indiana, Maryland, Michigan, New York, Rhode Island or Virginia.**

As you know, PrimoHoagies Franchising, LLC ("we," "us" or "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a PrimoHoagies Restaurant. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit and schedule attached to it?

   Yes____ No____

2 Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?

   Yes____ No____

   If "No," what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary)

   _____

   _____

   _____

   _____

3. Did you receive a copy of the Franchise Agreement at least seven (7) business days prior to signing it if any material changes were made by unilaterally?

   Yes____ No____ N/A___

4. Have you received and personally reviewed the Franchise Disclosure Document we provided to you?

   Yes____ No____

5. Do you understand all of the information contained in the Franchise Disclosure Document?

   Yes____ No____

   If "No", what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary)

   _____

   _____

   _____

6. Did you receive a copy of the Franchise Disclosure Document at least fourteen (14) calendar days prior to signing any agreement with us or paying us any money?

   Yes____ No____

7. Have you discussed the benefits and risks of operating a PrimoHoagies Restaurant with an attorney, accountant or other professional advisor and do you understand those risks?

   Yes____ No____

8. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?

   Yes____ No____

9. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a PrimoHoagies Restaurant operated by us or our franchisees?

Yes____ No____

10. Has any employee or other person speaking on our behalf made any statement or promise concerning the PrimoHoagies Restaurant that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

11. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a PrimoHoagies Restaurant?

Yes____ No____

12. Has any employee or other person speaking on our behalf made any statement or promise concerning the total amount of revenue a PrimoHoagies Restaurant will generate?

Yes____ No____

13. Has any employee or other person speaking on our behalf made any statement or promise regarding the costs you may incur in operating a PrimoHoagies Restaurant that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

14. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a PrimoHoagies Restaurant?

Yes____ No____

15. Has any employee or other person speaking on our behalf made any statement, promise, or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?

Yes____ No____

16. If you have answered "Yes" to any of questions nine (9) through fifteen (15), please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of such questions, please leave the following lines blank.

_____

_____

_____

_____

17. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and the Franchisor?

Yes____ No____

18. Do you understand that nothing in the Franchise Agreement or in our communications with one another is intended to make, or in fact makes, either you or us a general or limited partner, general or special agent, joint venturer, or employee of the other for any purpose, that the Franchise Agreement does not create a fiduciary relationship between you and us, and that we and you are and will be independent contractors during the term of the Franchise Agreement?

Yes____ No____

*[Signatures appear on following page]*

By signing this Questionnaire, you agree that you understand that your answers are important to us and you are representing that you have responded truthfully to the above questions.

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

_____
FRANCHISE APPLICANT

_____
Print Name

Date: _____, 20___

**EXHIBIT I TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## TELEPHONE NUMBER ASSIGNMENT AGREEMENT

FOR VALUE RECEIVED, the undersigned ("Franchisee") hereby irrevocably assigns the telephone listing and numbers stated below and any successor, changed or replacement number or numbers effective upon the date of termination of the PrimoHoagies Franchise Agreement (described below) to PrimoHoagies Franchising, LLC ("Franchisor"), upon the following terms and conditions:

1. This Assignment is made pursuant to the terms of the PrimoHoagies Franchise Agreement dated_____ (the "Franchise Agreement"), by and between Franchisor and Franchisee, authorizing Franchisee to do business under Franchisor's System and Proprietary Marks, as those terms are defined in the Franchise Agreement.

2. The telephone numbers and listings subject to this Assignment are _____ and such other numbers on the rotary series and/or used by Franchisee in connection with the PrimoHoagies franchise operated pursuant to the Franchise Agreement (collectively, the "Telephone Numbers").

3. Franchisee shall retain the limited right to use the Telephone Numbers solely for transactions and advertising pursuant to the Franchise Agreement. Upon the termination or expiration of the Franchise Agreement, the limited right of use of the Telephone Numbers by the Franchisee shall also be deemed terminated or expired. In such event, Franchisee agrees to immediately execute any documents, pay all monies and take any other action as may be necessary to transfer the Telephone Numbers to Franchisor.

4. Franchisee agrees to pay all amounts owed pertaining to the use of the Telephone Numbers incurred by it. In the event of termination or expiration of the Franchise Agreement, Franchisee agrees to immediately pay all amounts owed in connection with the Telephone Numbers, whether or not yet due, including all sums owed under existing contracts for telephone directory advertising.

5. Franchisee appoints Franchisor as its attorney-in-fact for the purpose of assigning the Telephone Numbers to Franchisor or Franchisor's designees or transferees. Franchisee grants Franchisor full authority to act in any manner, proper or necessary to exercise the foregoing powers, including full power of substitution and execution or completion of any document required or requested by any telephone company to transfer such numbers, and ratifies every act that Franchisor may lawfully perform in exercising those powers.

6. This Power of Attorney granted by this instrument shall be effective for a period of three (3) years from the date of expiration, cancellation or termination of the Franchise Agreement for any reason.

7. Franchisee intends that this Power of Attorney be coupled with an interest. Franchisee agrees and acknowledges that the Power of Attorney granted herein shall be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to herein. This Power of Attorney shall not be affected by the subsequent incapacity of Franchisee. This power is created to secure performance of a duty to Franchisor and is for consideration.

IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment on the _____ day of _____, 20___.

**PRIMOHOAGIES FRANCHISING, LLC**

_____
Attest

By: _____

Name: Nicholas Papanier Jr.

Title: President and CEO

**FRANCHISEE**

_____
Witness/Attest

By:_____

Name:_____

Title:_____

**EXHIBIT J TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## INITIAL FRANCHISE FEE RECEIPT

Date: _____

Franchisor and Franchisee agree and acknowledge that Franchisee has paid to Franchisor the sum of $20,000.00 as full and final payment of the Initial Franchise Fee on the date first set out above. The Initial Franchise Fee is deemed fully earned by Franchisor upon the execution of the Franchise Agreement. Should Franchisor fail to execute the Franchise Agreement for any reason within ten (10) business days from receiving Franchisee's Initial Franchise Fee, Franchisor agrees to refund the Initial Franchise Fee to Franchisee and the Franchise Agreement shall be deemed void and of no effect. Execution of the Franchise Agreement by Franchisor shall constitute Franchisor's approval of Franchisee.

Franchisee agrees and acknowledges that the Initial Franchise Fee does not include fees or charges for equipment, fixtures, construction and improvements, signs, supplies, advertising, deposit payments, broker fees, rents, mortgages or any other fees or charges associated with the start-up or continuous operation of Franchisee's PrimoHoagies franchise. Such fees and charges shall be payable by Franchisee to third parties as required to meet opening and leasehold deadlines under the Franchise Agreement and lease, and as Franchisor may otherwise require.

Franchisor Notes (which are an essential part of this agreement): _____

_____

_____

_____

**PRIMOHOAGIES FRANCHISING, LLC**

_____
Attest

By: _____

Name: Nicholas Papanier Jr.

Title: President and CEO

**FRANCHISEE**

_____
Witness/Attest

By: _____

Name: _____

Title: _____

**EXHIBIT K TO**
**PRIMOHOAGIES RESTAURANT**
**FRANCHISE AGREEMENT**

## ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, **FRANCHISEE** hereby authorizes PrimoHoagies Franchising, LLC ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company due under the Franchise Agreement: (1) all royalty fees; (2) all brand fund contributions; and (3) all other amounts due under the Franchise Agreement or any other agreement between Company and **FRANCHISEE** Such withdrawals shall occur on a weekly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. **FRANCHISEE** shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

**AGREED:**

| **ATTEST:** | **FRANCHISEE:** |
|---|---|
| _____ | By: _____ |
| | Print name: _____ |
| | Its: _____ |

# EXHIBIT D

# PRIMOHOAGIES MULTI-UNIT OPTION AGREEMENT

# PRIMOHOAGIES RESTAURANT

# MULTI-UNIT OPTION AGREEMENT

**MULTI-UNIT OPTION AGREEMENT**

THIS MULTI-UNIT OPTION AGREEMENT ("Agreement") is made and entered into on _____, 20__, by and between PrimoHoagies Franchising, LLC, a Delaware limited liability company with its principal place of business at 610 Ryan Ave, Unit 4, Westville, NJ 08093 ("Franchisor"), and _____, an individual residing at _____, or _____, a _____ with its principal place of business at _____ ("Developer").

**BACKGROUND**

A. Contemporaneous with the execution of this Agreement, Developer and Franchisor entered into Franchisor's current form of single-unit franchise agreement (the "First Franchise Agreement") for the right to establish and operate a single PrimoHoagies® franchised business (the "First Franchised Business").

B. Franchisor offers qualified franchisees the right and option to open and operate additional "PrimoHoagies" franchised businesses (collectively, the "Additional Franchised Businesses") during the time periods set forth below and subject to the terms and conditions of this Agreement.

C. Developer wishes to purchase an option to establish and operate Additional Franchised Business(es) under the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

**AGREEMENT**

**1. GRANT OF OPTION AND OPENING DEADLINES**

1.1 **Grant**. Upon the execution of this Agreement, Developer will pay Franchisor a multi-unit option fee based on the number of Franchised Businesses that you are granted the option to develop (the "Multi-Unit Fee"). The Multi-Unit Fee is calculated as follows:

| Number of Franchised Businesses under MUOA | Multi-Unit Fee for each Franchised Business under MUOA | Total Multi-Unit Fee Payable Upon Execution of MUOA and the First Franchise Agreement |
|---|---|---|
| 2 Units | $20,000 | $40,000 |
| 3 Units | $16,667 | $50,000 |
| 4 Units | $16,667 | $66,668 |
| 5 Units | $15,000 | $75,000 |

If qualified, and though our decision, you may be offered the opportunity to purchase additional options to develop additional Franchised Businesses. Options to develop between 6 to 9 Franchised Business will incur a Multi-Unit Fee equal to $15,000 multiplied by the number of Franchised Businesses. Options to develop ten or more Franchised Businesses will incur a Multi-Unit Fee equal to $10,000 multiplied by the number of Franchised Businesses.

The Multi-Unit Fee will include the initial franchise fee set forth in Section 4.1 of the First Franchise Agreement and is deemed fully earned upon payment and is nonrefundable under any circumstances. Developer will not receive an exclusive territory upon execution of this Agreement.

1.2 **Eligibility**. Developer must purchase this option and execute this Agreement contemporaneously with Developer's execution of the First Franchise Agreement.

1.3 **Opening Deadlines**. Developer must open and commence operations of the Additional Franchised Businesses in accordance with the following schedule ("Development Schedule"):

| Time Period ("Development Period") | Number of Franchise Agreements to be Executed During the Development Period | Number of Stores to be Open During Development Period | Cumulative Number of Stores Open by End of Development Period |
|---|---|---|---|
| Developer shall open the First Franchised Business within 270 days from the date Franchisor approves the location for the First Franchised Business | 1 | 1 | 1 |
| Date: _____, 20__ (Within ___ Months of this Agreement) | | | |
| Date: _____, 20__ (Within __ Months of this Agreement) | | | |
| Date: _____, 20__ (Within ___ Months of this Agreement) | | | |
| Date: _____, 20__ (Within __ Months of this Agreement) | | | |

**2. EXERCISE OF OPTION.**

**2.1** **Conditions in Order to Exercise Option**. In order to open each Additional Franchised Business, Developer must satisfy all of the following conditions, upon the exercise of each option:

(a) Execute Franchisor's then-current form of franchise agreement for that Additional Franchised Business (each, an "Additional Franchise Agreement");

(b) Developer must not default under this Agreement, or any other agreement with Franchisor, including any other franchise agreement, and must have fully and faithfully performed all of Developer's material obligations under any such agreements throughout their respective terms;

(c) Neither this Agreement, the First Franchise Agreement, nor any other agreement Franchisor has entered into with Developer has been terminated by Franchisor;

(d) Developer has timely paid any fees or other monies due to Franchisor as and when due under the terms of the First Franchise Agreement or any other agreement with Franchisor;

(e) There has been no change in the effective control of Developer (by way of change in share ownership, membership or partnership interest, or otherwise) without Franchisor's written consent; and

(f) Developer's personnel have successfully completed Franchisor's training programs.

2.2 **Reduced Royalty Rate**. Provided Developer qualifies to exercise each option, exercises each option timely, meets your opening deadlines and is not in default of this or any other Agreement with Franchisor, Developer's royalty rate will be reduced for each Franchise Agreement executed under this Multi-Unit Option Agreement as follows:

| | Year 1 | Year 2 | Year 3 | Year 4+ |
|---|---|---|---|---|
| Multi-Unit Royalty Rate | 2% | 3% | 4% | 6% |

## 3. ASSIGNMENT, TERM AND TERMINATION.

**3.1** **Assignment**. Developer's rights under this Agreement are personal to Developer and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. If Franchisor permits an assignment, Developer must pay a transfer fee equal to the greater of $12,500 or 5% of the sales price (but not to exceed $20,000) for each undeveloped Franchised Business. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in the First Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

**3.2** **Term**. This Agreement will commence as of the date it is fully-executed and, unless earlier terminated by Franchisor, will expire on the last day of the calendar month that the final Franchised Business is required to be opened and operating under the Development Schedule, or upon execution of the lease for the final Franchised Business under this Agreement, whichever occurs sooner.

**3.3** **Termination**. Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by Developer; (ii) if Developer fails to meet any of the Opening Deadlines set forth in Section 1.3 of this Agreement; or (iii) if the First Franchise Agreement or any Additional Franchise Agreement that is entered into under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement.

## 4. CHOICE OF LAW AND DISPUTE RESOLUTION

**4.1** **Choice of Law**. This Agreement will be governed by and construed in accordance with the laws of the State of New Jersey (without reference to its conflict of laws principles).

**4.2** **Internal Dispute Resolution**. Developer must first bring any claim or dispute between Developer and Franchisor to Franchisor's President and CEO after providing notice as set forth in Section 5.3 below. Developer must exhaust this internal dispute resolution procedure before Developer may bring Developer's dispute before a third party. This agreement to first attempt resolution of disputes internally will survive termination or expiration of this Agreement.

**4.3** **Mediation**. At Franchisor's option, all claims or disputes between Developer and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Developer and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure sent forth in Section 4.2 above, will be submitted first to mediation to take place at Franchisor's then-current corporate headquarters under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Developer must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Developer as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Developer may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Developer will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in the Franchise Agreement; and (iii) any of Developer's payment obligations under this Agreement.

**4.4** **Injunctive Relief, Selection of Venue and Class Action Waiver**. Nothing contained in this Agreement will prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. If injunctive relief is granted, Developer's only remedy will

be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Developer expressly waives all claims for damages Developer incurred as a result of the wrongful issuance. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction closest to Franchisor's then-current corporate headquarters or, if appropriate, the United States District Court for the District of New Jersey. Developer acknowledges that this Agreement has been entered into in the State of New Jersey, and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters in New Jersey, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, Developer hereby irrevocably consents to the personal jurisdiction of the state and federal courts of New Jersey set forth above. The parties agree that all proceedings will be conducted on an individual, not a class-wide basis, and that any proceeding between Developer, Developer's guarantors, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.

**4.5 Third Party Beneficiaries**. Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provisions set forth in this Section 4, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Developer.

**4.6 Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Developer must notify Franchisor within 30 days after the occurrence of the violation or breach, and failure to timely give such notice will preclude any claim for damages.

**4.7 No Right to Offset**. Developer is prohibited from withholding all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Developer under this Agreement or any related agreements.

**4.8 Limitation of Action**. Developer further agrees that no cause of action arising out of or under this Agreement may be maintained by Developer against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after Developer becomes aware of the facts or circumstances reasonably indicating that Developer may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense, or set-off. Developer hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

**4.9 Waiver of Punitive Damages**. Except as provided for in this Section 4.9, Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Developer's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

**4.10 Jury Trial Waiver. THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR**

**EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, FRANCHISES DEVELOPED PURSUANT TO THIS AGREEMENT AND/OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES, AND/OR DEVELOPER PURCHASE OF GOODS OR SERVICES FROM FRANCHISOR OR FRANCHISOR'S AFFILIATES.**

## 5. MISCELLANEOUS

**5.1** **Time of the Essence**. Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

**5.2** **Acknowledgment**. Developer acknowledges that this Agreement is not a franchise agreement and does not confer upon Developer any rights to use Franchisor's Proprietary Marks or its System.

**5.3** **Notices**. Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which affords the sender evidence of delivery or rejected delivery including, without limitation, private delivery or courier service, but which shall not include electronic communication, such as e-mail, to the respective parties at the following addresses, unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor:
PrimoHoagies Franchising, LLC
610 Ryan Ave, Unit 6,
Westville, NJ 08093
Attn: Mr. Nicholas Papanier Jr.
Fax: 856-742-5000

Notices to Developer:
_____
_____
_____
Attn:_____

Any notice by a means which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given and received at the date and time of receipt or rejected delivery.

**5.4** **No Third Party Rights**. Except as expressly provided to the contrary in this Agreement or the First Franchise Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than Developer, Franchisor, and such of Franchisor's respective successors and assigns as may be contemplated (and, as to Developer, permitted) by the First Franchise Agreement, any rights or remedies under or by reason of this Agreement.

**5.5** **Indemnification**. Developer shall indemnify and hold harmless Franchisor and its affiliates, and their respective officers, directors and employees against any and all claims, losses, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Developer's operations hereunder, Developer's operation of the Franchised Businesses, or Developer's breach of this Agreement, including, but not limited to, those alleged to be caused by Franchisor's negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction, as well as the costs, including reasonable

attorneys' fees, of defending against them. In the event Franchisor incurs any costs or expenses, including, without limitation, legal fees, travel expenses, and other charges, in connection with any proceeding involving Developer in which Franchisor is not a party, Developer shall reimburse Franchisor for all such costs and expenses promptly upon presentation of invoices. Developer acknowledges and agrees that Developer's indemnification and hold harmless obligations under this Section shall survive the termination or expiration of this Agreement. Nothing herein shall preclude Franchisor from choosing its own legal counsel to represent it in any lawsuit, arbitration, or other dispute resolution.

**5.6** **Nonwaiver**. No delay, waiver, omission, or forbearance on Franchisor's part to exercise any right, option, duty, or power arising out of any breach or default by Developer or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement, and no custom or practice by the parties at variance with the terms of this Agreement, will constitute a waiver of Franchisor's right to enforce any such right, option, duty, or power as against Developer, or as to subsequent breach or default by Developer. If Franchisor accepts late payments from Developer or any payments due, that will not be deemed to be Franchisor's waiver of any earlier or later breach by Developer of any terms, provisions, covenants, or conditions of this Agreement.

**5.7** **Severability**. Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable. If for any reason, any section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this Agreement; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

**5.8** **Construction of Language**. Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

**5.9** **Successors**. References to "Franchisor" or "Developer" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 3.1 of this Agreement.

**5.10** **Additional Documentation**. Developer must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreement and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Section, Developer hereby appoints Franchisor as Developer's attorney-in-fact to execute any and all documents on Developer's behalf, reasonably necessary to effectuate the transactions contemplated herein.

**5.11** **No Right to Offset**. Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

**5.12** **State Law Applies**. If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any

valid law or regulation of the state in which Developer's First Franchised Business is located, then the valid law or regulation of that state applicable to the franchised business will supersede any provision of this Agreement that is less favorable to Developer.

**5.13 Entire Agreement**. This Agreement contains the entire agreement between the parties concerning the purchase and operation of the Additional Franchised Businesses; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Except for those changes that Franchisor is permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. In the event of a conflict between this Agreement and any Additional Franchise Agreement(s) or the First Franchise Agreement, the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

| **FRANCHISOR** | **DEVELOPER** |
|---|---|
| **PRIMOHOAGIES FRANCHISING, LLC** | _____ |
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: President and CEO | Title: _____ |

# EXHIBIT E

# FINANCIAL STATEMENTS

# PrimoHoagies Franchising, LLC
# and Subsidiaries

## Consolidated Financial Statements

## December 31, 2025

BENNETT THRASHER LLP
Better Together

# PrimoHoagies Franchising, LLC and Subsidiaries

## Contents
## December 31, 2025


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**Independent Auditor's Report**

To the Member of
PrimoHoagies Franchising, LLC and Subsidiaries

***Opinion***

We have audited the consolidated financial statements of PrimoHoagies Franchising, LLC and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2025, and the related consolidated statements of operations, changes in member's deficit and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PrimoHoagies Franchising, LLC and Subsidiaries as of December 31, 2025, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

***Basis for Opinion***

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

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

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PrimoHoagies Franchising, LLC and Subsidiaries' ability to continue as a going concern for one year after the financial statements are issued or available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 PrimoHoagies Franchising, LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PrimoHoagies Franchising, LLC and Subsidiaries' 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.

***Other Matter***

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

Bennett Thrasher LLP

Atlanta, Georgia
April 30, 2026

## PrimoHoagies Franchising, LLC and Subsidiaries

### Consolidated Balance Sheet
### December 31, 2025

| | |
|---|---|
| **Assets** | |
| Current assets: | |
| Cash and cash equivalents | $ 566,538 |
| Royalties receivable, net | 34,148 |
| Vendor commissions and other receivables, net | 712,376 |
| Inventories | 75,750 |
| Notes receivable, net of allowance for credit losses | 93,037 |
| Prepaid expenses | 172,775 |
| Income tax receivable | 7,002 |
| Contract acquisition costs | 22,500 |
| Total current assets | 1,684,126 |
| Property and equipment, net | 677,389 |
| Other assets: | |
| Notes receivable, net of allowance for credit losses, noncurrent portion | 29,436 |
| Operating lease right-of-use assets | 445,739 |
| Deferred income taxes | 12,200 |
| Security deposits | 7,220 |
| Contract acquisition costs, net of current portion | 35,729 |
| Total other assets | 530,324 |
| Total assets | $ 2,891,839 |
| **Liabilities and Member's Deficit** | |
| Current liabilities: | |
| Accounts payable and accrued expenses | $ 842,580 |
| Accrued profit sharing contribution | 71,086 |
| Deferred franchise fees | 50,000 |
| Deferred vendor incentive bonus | 40,000 |
| Due to related parties | 198,007 |
| Unredeemed gift cards | 1,073,410 |
| Current portion of long-term debt | 4,704 |
| Operating lease liabilities | 166,744 |
| Total current liabilities | 2,446,531 |
| Long-term liabilities: | |
| Deferred franchise fees, net of current portion | 237,410 |
| Deferred vendor incentive bonus, net of current portion | 40,000 |
| Operating lease liabilities, net of current portion | 341,750 |
| Total long-term liabilities | 619,160 |
| Commitments and contingencies (Note 9) | |
| Member's deficit: | |
| Common units | 80,000 |
| Additional paid-in capital | 3,520,472 |
| Accumulated deficit | (3,774,324) |
| Total member's deficit | (173,852) |
| Total liabilities and member's deficit | $ 2,891,839 |

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

# PrimoHoagies Franchising, LLC and Subsidiaries

## Consolidated Statement of Operations
## For the Year Ended December 31, 2025

| | |
|---|---|
| Revenues: | |
| Franchise revenue | |
| Franchise royalties | $ 4,873,153 |
| Franchise fees | 220,417 |
| Total franchise revenues | 5,093,570 |
| Advertising fund revenues | 2,204,119 |
| Food sales | 3,272,302 |
| Vendor commissions, rebates and other revenues | 1,837,563 |
| Total revenues | 12,407,554 |
| Operating expenses: | |
| Cost of sales - corporate-owned restaurants | 1,649,246 |
| General and administrative | 11,885,091 |
| Total expenses | 13,534,337 |
| Loss from operations | (1,126,783) |
| Other income (expense): | |
| Interest income, net | 4,375 |
| Other expense | (408) |
| Gain on sale of property and equipment | 97,378 |
| Loss on impairment | (130,234) |
| Total other income (expense), net | (28,889) |
| Loss before income taxes | (1,155,672) |
| Income tax provision | - |
| Net loss | $ (1,155,672) |

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

# PrimoHoagies Franchising, LLC and Subsidiaries

## Consolidated Statement of Changes in Member's (Deficit) Equity
## For the Year Ended December 31, 2025

| | | |
|---|---|---|
| Balance December 31, 2024 | $ | 1,494,524 |
| Change in accounting method (Note 1) | | 28,596 |
| Net loss | | (1,155,672) |
| Distributions to members | | (541,300) |
| Balance December 31, 2025 | $ | (173,852) |

# PrimoHoagies Franchising, LLC and Subsidiaries

## Consolidated Statement of Cash Flows
## For the Year Ended December 31, 2025

| | |
|---|---|
| Cash flows from operating activities: | |
| Net loss | $ (1,155,672) |
| Adjustments to reconcile net loss to net cash provided by operating activities | |
| Depreciation | 130,033 |
| Gain on disposal of property and equipment | (39,751) |
| Impairment loss | 130,234 |
| Non-cash lease expense | 18,366 |
| Amortization of contract acquisition costs | (41,667) |
| Net changes in operating assets and liabilities | |
| Accounts receivable | 115,139 |
| Due to/from related parties | 241,486 |
| Prepaid expenses | (91,717) |
| Security deposits | 2,655 |
| Accounts payable and accrued expenses | (414,688) |
| Deferred franchise fees | 86,833 |
| Deferred vendor incentive bonus | (40,000) |
| Unredeemed gift cards | 183,196 |
| Net cash used in operating activities | (875,553) |
| Cash flows from investing activities: | |
| Purchases of property and equipment | (170,821) |
| Proceeds from sale of property and equipment | 164,000 |
| Payments on notes receivable | 96,527 |
| Net cash provided by investing activities | 89,706 |
| Cash flows from financing activities: | |
| Repayments of long-term debt | (48,426) |
| Distributions to member | (541,300) |
| Net cash used in financing activities | (589,726) |
| Net decrease in cash | (1,375,573) |
| Cash and cash equivalents, beginning of fiscal year | 1,942,111 |
| Cash and cash equivalents, end of fiscal year | $ 566,538 |

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

# PrimoHoagies Franchising, LLC and Subsidiaries

## Notes to Consolidated Financial Statements
## December 31, 2025

### Note 1: Nature of Activities and Summary of Significant Accounting Policies

PrimoHoagies Franchising, Inc., an S-Corporation, was formed on August 25, 2005 to develop, sell and service PrimoHoagies franchises. The Company's operations commenced on January 3, 2006. The PrimoHoagies restaurant is a specialized fast food restaurant, featuring hoagie sandwiches, salads, assorted side dishes and soft drinks. Substantially all revenues are derived from franchise royalties, sales of franchise rights and vendor commissions and rebates. The Company is a registered franchisor. The franchises are marketed primarily throughout the Middle Atlantic States of the United States of America. The Company operates pursuant to an Amended Operating Agreement and is wholly owned by PrimoHoagies Opco, LLC on December 31, 2025.

On August 29, 2025 PrimoHoagies Opco, LLC completed the acquisition of PrimoHoagies Franchising, Inc. and related entities. Concurrent with the acquisition, PrimoHoagies Franchising, Inc. was converted to PrimoHoagies Franchising, LLC to facilitate the acquisition among other corporate restructuring activities. The Company did not apply push-down accounting to its consolidated financial statements. Consequently, the assets and liabilities acquired have been recorded at their historical cost basis, rather than fair value as of the acquisition date. The Company's financial statements continue to reflect its standalone historical financial reporting and do not reflect any change of control provisions.

The Company's wholly-owned subsidiary, PHAC1, LLC, was formed to operate corporate-owned stores.

The following details franchise and corporate-owned store activity during the years ended December 31, 2025:

| | Franchises | Corporate-Owned | Total |
|---|---|---|---|
| Franchises and corporate-owned stores, beginning of year | 112 | 6 | 118 |
| Franchises opened during year | 9 | - | 9 |
| Franchises closed during year | (2) | - | (2) |
| Franchises acquired by PHAC1, LLC | (10) | 10 | - |
| Franchises acquired by PHAC1, LLC sold to new franchisee | 5 | (5) | - |
| Franchises and corporate-owned stores, end of year | 114 | 11 | 125 |

On October 17, 2011, one of the Company's former stockholders formed PrimoHoagies Holding Company, Inc. (Holding) which was incorporated under the laws of the Commonwealth of Pennsylvania. Holding was formed for the exclusive purpose of administering the brand's gift card program.

**Basis of Presentation and Accounting**

The financial statements of the Company have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The accompanying consolidated financial statements include the accounts of PrimoHoagies Franchising, LLC, its subsidiary, PHAC1, LLC, and its consolidated affiliate, Holding (collectively, the Company).

All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

The Company evaluates all partnerships and other arrangements with variable interests to determine if the entity or arrangement qualifies as a variable interest entity (VIE), as defined in the Accounting Standards Codification (ASC). If the entity or arrangement qualifies as a VIE and the Company is determined to be the primary beneficiary, the Company is required to consolidate the assets, liabilities, and results of operations of the VIE. The Company has included Holding in its consolidated financial statements based on such criteria.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

**Franchise Operations**

The Company enters into franchise agreements with unrelated third parties to build and operate restaurants using the Company's brand within a defined geographical area. The franchisees are required to operate their restaurants in compliance with a franchise agreement that includes adherence to operating and quality control procedures established by the Company. The Company will not provide loans, leases, or guarantees to franchisees or their employees and vendors. If a franchisee becomes financially distressed, the Company generally will not provide any financial assistance. If financial distress leads to a franchisee's noncompliance with the franchise agreement and the Company elects to terminate the franchise agreement, the Company will have the right, but not the obligation, to acquire the assets of the franchisee at cost or fair value, as determined by an independent appraiser.

During 2025, the Company acquired ten locations and sold five locations to franchisees. Acquisition consideration, if any, was allocated to equipment and related costs associated therewith were nominal.

**Concentrations of Credit Risk**

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and receivables. The Company places its cash in one financial institution. At times, cash balances may be in excess of the FDIC insurance limit. Concentrations of credit risk with respect to receivables are generally diversified due to the large number of entities comprising the Company's receivable balance and their dispersion across many different geographies. The Company performs ongoing credit evaluations of its franchisees' financial condition and generally requires no collateral.

**Revenue Recognition**

*Franchise Fees and Royalty Income*

The Company recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*. Revenues consist primarily of royalties, advertising fund contributions, initial and renewal franchise fees, and upfront fees from development agreements. These performance obligations under franchise agreements consist of (a) a franchise license, (b) preopening services, such as training and site selection consultation, and (c) ongoing services, such as management of the advertising fund contributions, development of training materials and menu items, and restaurant monitoring. The Company initially adopted the revenue recognition standards under FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). In accordance with Topic 606, the Company determined that the initial franchise services are not distinct from the continuing rights or services offered during the term of the franchise agreement and should be treated as a single performance obligation.

In January 2025, the Company adopted ASU 2021-02, *Revenue from Contracts with Customers* (Subtopic 952-606): Practical Expedient. The practical expedient allows private companies to recognize initial franchise fees when all material services or conditions relating to the sale of the franchise have been substantially performed or satisfied by the Company, which is generally when a new franchise restaurant is opened. Accordingly, the Company's adoption of Subtopic 952-606 required full retrospective application and impacted the Company's accounting for initial fees charged to franchisees which resulted in an increase to member's equity of $28,569 on January 1, 2025. Deferred franchise fees at December 31, 2025 represent fees billed or collected from franchisees related to unopened restaurants.

Initial and renewal franchise fees are payable by the franchisee upon the execution of the franchise agreement. These fees are initially recorded to deferred revenue and recognized upon the opening of the initial store location. The performance obligation under development agreements generally consists of an obligation to grant exclusive development rights over a stated term. These development rights are not distinct from franchise agreements; therefore, upfront fees paid by franchisees for development rights are initially recorded to deferred revenue and are then apportioned to each franchise agreement execution and accounted for as an initial franchise fee at that time.

Royalties are earned based on a percentage of franchisee gross revenues, as defined in the franchise agreement. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Advertising Fund*

The Company maintains an advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Advertising fund fees are collected from franchisees based on a percentage of franchisee gross revenues, as defined in the franchise agreement. The Company has determined that it acts as a principal in the collection and administration of the advertising fund and, therefore, recognizes the revenues and expenses related to the advertising fund on a gross basis. Advertising fund revenues represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Vendor Commissions and Rebates*

The Company has entered into certain preferred vendor arrangements for which it earns a commission or rebate from the vendor based on a percentage of the volume of purchases made by its franchisees. Vendor commissions and rebates are recognized in the period purchases are made by its franchisees and reported to the Company.

*Food Sales*

The Company records revenue from the sale of food and beverages at its corporate-owned stores upon delivery of the food or beverage to the customer (the consumer), which is when the performance obligation is satisfied. The Company collects and remits sales, food and beverage and hospitality taxes on transactions with customers and reports such amounts under the net method in the consolidated statement of operations. Accordingly, these taxes are not included in gross revenue.

**Contract Balances**

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as deferred franchise fees on the accompanying consolidated balance sheet.

Pursuant to the execution of a preferred vendor agreement commencing January 1, 2023 and expiring the later of December 31, 2027 or at such time the Company has purchased a specific quantity of product, the Company received an advance payment of $200,000 constituting signing incentive funds (Incentive Funds). The Incentive Funds are earned by the Company over the term of the agreement based on the quantity of product purchased. The unearned funds are presented as deferred vendor incentive funds on the accompanying consolidated balance sheet.

**Deferred Commission Costs**

The Company capitalizes direct and incremental costs, principally consisting of commissions associated with the sale of franchises, which are recognized consistent with the related franchise fee typically when the restaurant is opened.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all short-term investments with an initial maturity of three months or less to be cash equivalents.

**Accounts Receivable, Notes Receivable and Allowance For Credit Losses**

The Company records accounts receivable in accordance with its contracts. The Company's receivables are primarily derived from royalty and advertising fees due from franchisees and commissions from preferred vendors. In addition, the Company has notes receivable from certain franchisees and employees.

At each balance sheet date, the Company recognizes an expected allowance for credit losses. The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's portfolio segments have remained constant since the Company's inception. Accounts are written-off against the allowance for credit losses as they are determined to be uncollectible. No allowance for credit losses was considered necessary at December 31, 2025 for royalties receivable, vendor commissions and other receivables. At December 31, 2025, an allowance for credit losses for notes receivable was established totaling $128,889.

**Inventories**

Inventories consist primarily of food and beverage products at corporate-owned stores and are recorded at the lower of cost or net realized value using the first-in, first-out costing method. Unsold perishables are discarded and charged to cost of goods sold.

**Property and Equipment**

Property and equipment are stated at cost or acquired value if part of any acquisition less accumulated depreciation. Significant additions and major improvements are capitalized. Expenditures for minor additions, maintenance, repairs and minor renewals are expensed as incurred. Gains or losses on disposition of property and equipment are reflected in the consolidated statement of income. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets, which range from five to fifteen years. Amortization of leasehold improvements is provided based on the shorter of the estimated useful life or the term of the lease.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If impairment exists, an adjustment is recorded to write down the asset to its fair value. During 2025, the Company recorded an impairment charge of $130,234 related to certain locations inclusive of the related right-of-use asset where applicable.

**Leases**

The Company determines whether an arrangement is, or contains, a lease at inception. Operating and finance leases that have commenced are included in operating and finance lease right-of-use (ROU) assets and operating and finance lease liabilities, current and long-term in the balance sheet. Classification of the operating and finance lease liabilities as either current or noncurrent is based on the expected timing of payments due under the Company's obligations.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Leases with an initial term of twelve months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

For the Company's leases which do not provide an implicit rate, the Company estimates the incremental borrowing rate based on the risk-free rate at the commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. Lease terms may include the effect of options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. As a lessee, the Company accounts for the lease and non-lease components as a single lease component. Certain leases which include variable payments based on an index or rate are recognized as lease expense on a straight line basis over the term of the lease. Variable lease payments not based on a rate or index are expensed as incurred. See Note 6 for additional information about the Company's leases.

**Income taxes**

PrimoHoagies Franchising, LLC and Subsidiary is treated as a disregarded entity for tax purposes. Thus, the income tax attributes of PrimoHoagies Franchising, LLC and Subsidiary are passed through to the individual member. Accordingly, no provision has been made for federal and certain state income taxes. For the year ended December 31, 2025, the Company has elected the Pass Through Entity (PTE) tax for certain states which taxes income at the corporate level versus at the individual member level and, accordingly, a provision for state income taxes has been recorded which is included as distributions. Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities.

Holding is a C corporation for federal and state income tax purposes. Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. Deferred income taxes were nominal related to Holding given the operational nature of the entity is solely to hold and administer gift cards for the brand.

In accordance with FASB ASC Topic 740, *Income Taxes*, the Company has evaluated its tax positions. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than 50 percent. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Under the "more likely than not" threshold guidelines, the Company believes that no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. In addition, the Company had no material unrecognized tax benefits or accrued interest and penalties.

**Gift Cards**

The Company and franchisees sell gift cards that are redeemable for product in restaurants. The Company manages the gift card program, and therefore collects all funds from the activation of gift cards and reimburses franchisees for the redemption of gift cards in their restaurants. The gift cards do not expire or diminish in value. A liability for unredeemed gift cards, as well as historical gift certificates sold, is included in the consolidated balance sheet.

There is no stated expiration of the Company's gift cards. The Company has not recorded breakage given the absence of a stated expiration of the gift cards, as well as state regulations.

**Advertising**

The Company expenses the costs of advertising as they are incurred. Advertising expense was $2,294,349 for the year ended December 31, 2025.

**Supplemental Cash Flow Information**

*Cash paid for interest and income taxes*

For the year ended December 31, 2025, the Company paid nominal amounts for interest and income taxes.

See Note 6 for additional information regarding non-cash investing and financing activities with respect to leases.

## Note 2: Revenue from Contracts with Customers

The Company derives its revenues from franchisees located predominantly throughout the Middle Atlantic States of the United States of America. The economic risk of the Company's revenues is dependent on the strength of the economy and the Company's ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition and by type of revenue, as it believes this best depicts the nature, amount, timing and uncertainty of revenue and cash flows.

## Note 3: Notes Receivable

The Company has outstanding notes receivable from certain franchisees and employees totaling $122,473 December 31, 2025. These notes bear interest ranging from 0% to 4.9% and are repayable monthly.

These notes receivable are presented in the consolidated balance sheet at December 31, 2025:

| | |
|---|---|
| Notes receivable, current | $ 93,037 |
| Notes receivable, long-term | 29,436 |
| | $ 122,473 |

Future repayments of notes receivable at December 31, 2025 are as follows.

| Year Ending December 31 | Amount |
|---|---|
| 2025 | $ 93,037 |
| 2026 | 158,325 |
| | 251,362 |
| Less allowance for credit losses | (128,889) |
| | $ 122,473 |

## Note 4: Property and Equipment

Property and equipment consisted of the following at December 31, 2025:

| | |
|---|---|
| Furniture and fixtures | $ 442,404 |
| Leasehold improvements | 160,120 |
| Transportation equipment | 505,659 |
| | 1,108,183 |
| Less accumulated depreciation | (430,794) |
| | $ 677,389 |

Depreciation expense for the year ended December 31, 2025 was $130,033.

## Note 5: Long-Term Debt

Long-term debt consists of the following at December 31, 2025:

| | | |
|---|---|---|
| Note payable due in monthly installments of $498, including interest at 4.76%, through September 2026, collateralized by vehicle. | $ | 4,100 |
| Note payable due in monthly installments totaling $392, including interest at 1.90%, through May 2026, collateralized by vehicle. | | 604 |
| | | 4,704 |
| Less current maturities | | (4,704) |
| Long-term debt | $ | - |

## Note 6: Leases

The Company leases automobiles and office equipment under operating leases typically with initial terms of three to five years. In addition, during 2025 and 2024, the Company was assigned the leases for three and one of its corporate-owned stores, respectively. The Company also leases office space under a month-to-month operating lease with a related party (Note 7).

The following summarizes the line items in the consolidated balance sheet which include amounts for operating leases as of December 31, 2025:

| | | |
|---|---|---|
| **Operating Leases** | | |
| Operating lease right-of-use-assets | $ | 445,739 |
| Operating lease liabilities, current | $ | 166,744 |
| Operating lease liabilities, long-term | | 341,750 |
| Total operating lease liabilities | $ | 508,494 |

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2025:

| | |
|---|---|
| Weighted Average Remaining Lease Term | |
| Operating leases | 4.09 years |
| Weighted Average Discount Rate | |
| Operating leases | 3.77% |

The maturities of operating lease liabilities as of December 31, 2025 were as follows:

| Year Ending December 31 | Amount |
|---|---|
| 2026 | $ 182,224 |
| 2027 | 125,029 |
| 2028 | 77,673 |
| 2029 | 68,494 |
| 2030 | 62,514 |
| Thereafter | 31,887 |
| | 547,821 |
| Less imputed interest | (39,327) |
| | $ 508,494 |

The following summarizes the components of net lease cost for the years ended December 31, 2025:

| | |
|---|---|
| Operating lease cost included in general and administrative expenses | $ 113,685 |
| Short-term lease cost included in general and administrative expenses | 330,139 |
| Variable lease cost | - |
| Net lease cost | $ 443,824 |

The following summarizes supplemental cash flow information related to leases for the year ended December 31, 2025:

| | |
|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flow from operating leases | $ 103,837 |
| Lease assets obtained in exchange for operating lease obligations | $ 412,674 |
| Lease assets and lease obligations written down due to early termination of lease | $ 61,234 |

Pursuant to the September 6, 2024 assignment of a lease from a franchisee to a new franchisee (Assignee), in connection with the transfer of the franchised operation, the landlord required the Company to guarantee the full and faithful performance of the Assignee's lease obligation through September 2026.

## Note 7: Related Party Transactions

Franchise owners are required to purchase certain food and beverage products from specifically designated suppliers. An affiliate of the Company owns a supplier to the franchises including the Company-owned restaurants. Management maintains the position that other suppliers are available and franchise operators may request in writing an exception to this provision for specifically approved reasons. During the year ended December 31, 2025, corporate-owned restaurants made purchases totaling $1,069,791 from this supplier. Amounts due from the Company to this supplier totaled $312,625 at December 31, 2025, which is included in due to related parties, net on the consolidated balance sheet.

The Company rents office space in New Jersey from a related party on a month-to-month basis. Rent expense was nominal during 2025.

A related party, as well as certain members of their family, operate certain franchise locations. Net amounts due from these related parties totaled $114,618 at December 31, 2025, which is included in due from related parties, net on the consolidated balance sheet.

## Note 8: Retirement Plan

The Company maintains a 401(k) savings plan with a profit-sharing provision for the benefit of substantially all of its employees. The Company makes safe harbor matching contributions of 3% of annual gross compensation for eligible employees and may also make discretionary profit-sharing contributions. Employer contributions, which consisted of safe harbor matching and discretionary profit-sharing contributions, totaled $65,300 for the year ended December 31, 2025.

## Note 9: Commitments and Contingencies

The Company from time to time may be a defendant in legal actions generally incidental to its business. Although it is difficult to predict the outcome of any potential or threatened litigation, management believes that any ultimate liability will not materially affect the financial position and results of operations of the Company.

## Note 10: Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated for subsequent events between the consolidated balance sheet date of December 31, 2025 and the report date, the date the financial statements were available for issuance, and has concluded that all subsequent events requiring recognition or disclosure have been incorporated into these financial statements.

**Supplemental Information**

## PrimoHoagies Franchising, LLC

**Supplemental Consolidating Schedule, Balance Sheet Information**
**December 31, 2025**

| | PrimoHoagies Franchising, LLC | PrimoHoagies Holding Company | PHAC1, LLC | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | $ 138,253 | $ 329,567 | $ 98,718 | $ - | $ 566,538 |
| Royalties receivable, net | 34,148 | - | - | - | 34,148 |
| Vendor commissions and other receivables, net | 712,527 | - | (151) | - | 712,376 |
| Inventories | - | - | 75,750 | - | 75,750 |
| Due from subsidiary and affiliate | 2,100,527 | 710,027 | (39,995) | (2,770,559) | - |
| Income tax receivable | (114,438) | - | - | 114,438 | - |
| Notes receivable, net of allowance for credit losses | 93,037 | - | - | - | 93,037 |
| Prepaid expenses | 150,338 | - | 22,437 | - | 172,775 |
| Income tax receivable | - | 7,002 | - | - | 7,002 |
| Contract acquisition costs | 22,500 | - | - | - | 22,500 |
| Total current assets | 3,136,892 | 1,046,596 | 156,759 | (2,656,121) | 1,684,126 |
| Property and equipment, net | 408,799 | - | 268,590 | - | 677,389 |
| Other assets: | | | | | |
| Notes receivable, net of allowance for credit losses, noncurrent portion | 29,436 | - | - | - | 29,436 |
| Operating lease right-of-use assets | 38,606 | - | 407,133 | - | 445,739 |
| Deferred income taxes | - | 12,200 | - | - | 12,200 |
| Investment in subsidiary | (1,608,518) | - | - | 1,608,518 | - |
| Security deposits | - | - | 7,220 | - | 7,220 |
| Contract acquisition costs, net of current portion | 35,729 | - | - | - | 35,729 |
| Total other assets | (1,504,747) | 12,200 | 414,353 | 1,608,518 | 530,324 |
| Total assets | $ 2,040,944 | $ 1,058,796 | $ 839,702 | $ (1,047,603) | $ 2,891,839 |
| **Liabilities and Member's Equity (Deficit)** | | | | | |
| Current liabilities: | | | | | |
| Accounts payable and accrued expenses | $ 710,671 | $ - | $ 131,909 | $ - | $ 842,580 |
| Accrued profit sharing contribution | 71,086 | - | - | - | 71,086 |
| Deferred franchise fees | 50,000 | - | - | - | 50,000 |
| Deferred vendor incentive bonus | 40,000 | - | - | - | 40,000 |
| Due to subsidiary and affiliate | 1,006,594 | 25,000 | 1,742,317 | (2,773,911) | - |
| Due to related parties | - | - | 83,569 | 114,438 | 198,007 |
| Unredeemed gift cards | - | 1,070,675 | 2,735 | - | 1,073,410 |
| Operating lease liabilities | 24,871 | - | 141,873 | - | 166,744 |
| Current portion of long-term debt | 4,704 | - | - | - | 4,704 |
| Total current liabilities | 1,907,926 | 1,095,675 | 2,102,403 | (2,659,473) | 2,446,531 |
| Long-term liabilities: | | | | | |
| Deferred franchise fees, net of current portion | 237,410 | - | - | - | 237,410 |
| Deferred vendor incentive bonus, net of current portion | 40,000 | - | - | - | 40,000 |
| Operating lease liabilities, net of current portion | 13,735 | - | 328,015 | - | 341,750 |
| Total long-term liabilities | 291,145 | - | 328,015 | - | 619,160 |
| Member's deficit: | | | | | |
| Common stock | 80,000 | - | - | - | 80,000 |
| Additional paid-in-capital | 3,520,472 | - | - | - | 3,520,472 |
| Accumulated deficit | (3,758,599) | (36,879) | (1,590,716) | 1,611,870 | (3,774,324) |
| Total member's deficit | (158,127) | (36,879) | (1,590,716) | 1,611,870 | (173,852) |
| Total liabilities and member's deficit | $ 2,040,944 | $ 1,058,796 | $ 839,702 | $ (1,047,603) | $ 2,891,839 |

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

## PrimoHoagies Franchising, LLC

**Supplemental Consolidating Schedule**
**Statement of Operations Information**
**For the Year Ended December 31, 2025**

| | PrimoHoagies Franchising, LLC | PrimoHoagies Holding Company | PHAC1, LLC | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Franchise revenue | | | | | |
| Franchise royalties | $ 4,873,153 | $ - | $ - | $ - | $ 4,873,153 |
| Franchise fees | 220,417 | - | - | - | 220,417 |
| Total franchise revenue | 5,093,570 | - | - | - | 5,093,570 |
| Advertising fund revenues | 2,204,119 | - | - | - | 2,204,119 |
| Food sales | - | - | 3,272,302 | - | 3,272,302 |
| Vendor commissions and rebates and other revenues | 1,837,563 | - | - | - | 1,837,563 |
| Total revenues | 9,135,252 | - | 3,272,302 | - | 12,407,554 |
| Operating expenses: | | | | | |
| Cost of sales - corporate-owned restaurants | 351 | - | 1,648,895 | - | 1,649,246 |
| General and administrative | 8,866,390 | 52,956 | 2,965,745 | - | 11,885,091 |
| Total expenses | 8,866,741 | 52,956 | 4,614,640 | - | 13,534,337 |
| Income (loss) from operations | 268,511 | (52,956) | (1,342,338) | - | (1,126,783) |
| Other income (expense): | | | | | |
| Interest income (expense) | (56) | 4,431 | - | - | 4,375 |
| Other expense | (408) | - | - | - | (408) |
| Gain on store transfers | - | - | 97,378 | - | 97,378 |
| Loss on impairment | - | - | (130,234) | - | (130,234) |
| Equity in loss of PHAC1, LLC | (1,396,348) | - | - | 1,396,348 | - |
| Total other income (expense) | (1,396,812) | 4,431 | (32,856) | 1,396,348 | (28,889) |
| Loss before income taxes | (1,128,301) | (48,525) | (1,375,194) | 1,396,348 | (1,155,672) |
| Income tax expense | - | - | - | - | - |
| Net loss | $ (1,128,301) | $ (48,525) | $ (1,375,194) | $ 1,396,348 | $ (1,155,672) |

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

# PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2024 and 2023
AND
INDEPENDENT AUDITOR'S REPORT

McKonly & Asbury
Tax
Assurance
Consulting
Accounting

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

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McKONLY & ASBURY Tax Assurance Consulting Accounting

# INDEPENDENT AUDITOR'S REPORT

To the Stockholders
PrimoHoagies Franchising, Inc. and Subsidiary and Affiliate

## Opinion

We have audited the consolidated financial statements of PrimoHoagies Franchising, Inc. and Subsidiary and Affiliate, which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of PrimoHoagies Franchising, Inc. and Subsidiary and Affiliate as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

## Basis for Opinion

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

## Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PrimoHoagies Franchising, Inc. and Subsidiary and Affiliate's, ability to continue as a going concern for one year after the financial statements are issued or available to be issued.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 PrimoHoagies Franchising, Inc. and Subsidiary and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PrimoHoagies Franchising, Inc. and Subsidiary and Affiliate'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.

**Other Matter**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*McKonly & Asbury, LLP*

Philadelphia, PA
May 8, 2025

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

**Assets**

| | 2024 | 2023 |
|---|---|---|
| Current assets | | |
| Cash and cash equivalents | $ 1,942,111 | $ 1,679,437 |
| Royalties receivable, net | 26,596 | 36,865 |
| Vendor commissions and other receivables, net | 835,067 | 721,997 |
| Inventories | 75,750 | |
| Due from related parties | 67,899 | 9,670 |
| Notes receivable, net of allowance for credit losses | 116,383 | 123,210 |
| Prepaid expenses | 88,481 | 124,067 |
| Prepaid corporate taxes | 7,002 | 145,650 |
| Investment in stores held for sale | 150,000 | |
| Contract acquisition costs | 19,205 | 30,819 |
| Total current assets | 3,328,494 | 2,871,715 |
| Property and equipment, net | 679,850 | 446,681 |
| Other assets | | |
| Notes receivable, net of allowance for credit losses, noncurrent portion | 102,617 | 136,319 |
| Operating lease right-of-use assets | 389,454 | 54,571 |
| Deferred income taxes | 12,200 | 2,200 |
| Security deposits | 9,875 | |
| Contract acquisition costs, net of current portion | 142,521 | 154,263 |
| Total assets | $ 4,665,011 | $ 3,665,749 |

**Liabilities and stockholders' equity**

| | | |
|---|---|---|
| Current liabilities | | |
| Accounts payable and accrued expenses | $ 1,138,719 | $ 438,589 |
| Accrued profit sharing contribution | 189,635 | 167,042 |
| Deferred franchise fees | 54,891 | 81,684 |
| Deferred vendor incentive bonus | 40,000 | 40,000 |
| Due to related parties | 24,420 | |
| Unredeemed gift cards | 890,214 | 875,246 |
| Operating lease liabilities | 92,456 | 44,972 |
| Current maturities of long-term debt | 39,656 | 37,342 |
| Total current liabilities | 2,469,991 | 1,684,875 |
| Long-term liabilities | | |
| Deferred franchise fees, net of current portion | 319,446 | 679,238 |
| Deferred vendor incentive bonus, net of current portion | 80,000 | 120,000 |
| Operating lease liabilities, net of current portion | 280,153 | 9,599 |
| Long term debt, net of current portion | 13,474 | 52,473 |
| Total long-term liabilities | 693,073 | 861,310 |
| Stockholders' equity | | |
| Common stock, no par value | | |
| Class A Voting - 200 shares authorized, issued and outstanding | | |
| Class B Non-voting - 9,800 shares authorized, 3,400 and 3,000 shares issued and outstanding at December 31, 2024 and 2023, respectively | | |
| Total common stock | 80,000 | 80,000 |
| Additional paid-in capital | 3,520,472 | 2,439,492 |
| Accumulated deficit | (2,098,525) | (1,399,928) |
| Total stockholders' equity | 1,501,947 | 1,119,564 |
| Total liabilities and stockholders' equity | $ 4,665,011 | $ 3,665,749 |

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

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| Revenues | | |
| Franchise revenue | | |
| Franchise royalties | $ 4,844,415 | $ 4,734,564 |
| Franchise fees | 741,085 | 223,445 |
| Total franchise revenues | 5,585,500 | 4,958,009 |
| Advertising fund revenues | 2,164,338 | 1,960,617 |
| Food sales | 607,924 | |
| Vendor commissions and rebates and other revenues | 1,823,531 | 1,856,582 |
| Total revenues | 10,181,293 | 8,775,208 |
| Operating expenses | | |
| Cost of sales - corporate-owned restaurants | 277,092 | |
| General and administrative | 9,672,438 | 8,078,174 |
| Total expenses | 9,949,530 | 8,078,174 |
| Income from operations | 231,763 | 697,034 |
| Other income (expense) | | |
| Gain from disposal of property and equipment | | 7,726 |
| Interest income | 687 | 689 |
| Interest expense | (20,687) | (15,816) |
| Other income | 9,035 | 4,439 |
| Gain on store transfers | 205,000 | |
| Total other income (expense), net | 194,035 | (2,962) |
| Income before income taxes | 425,798 | 694,072 |
| Income tax expense | 11,963 | 59,093 |
| Net income | $ 413,835 | $ 634,979 |

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

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2024 and 2023

| | Common Stock | | | Additional | | Total |
|---|---|---|---|---|---|---|
| | Class A Shares | Class B Shares | Amount | Paid-in Capital | Accumulated Deficit | Stockholders' Equity |
| Balance January 1, 2023 | 200 | 2,400 | $ 80,000 | $ 1,171,332 | $ (354,882) | $ 896,450 |
| Common stock issued | | 600 | | 1,268,160 | | 1,268,160 |
| Net income | | | | | 634,979 | 634,979 |
| Distributions | | | | | (1,680,025) | (1,680,025) |
| Balance December 31, 2023 | 200 | 3,000 | 80,000 | 2,439,492 | (1,399,928) | 1,119,564 |
| Common stock issued | | 400 | | 1,080,980 | | 1,080,980 |
| Net income | | | | | 413,835 | 413,835 |
| Distributions | | | | | (1,112,432) | (1,112,432) |
| Balance December 31, 2024 | 200 | 3,400 | $ 80,000 | $ 3,520,472 | $ (2,098,525) | $ 1,501,947 |

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

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| Operating activities | | |
| Net income | $ 413,835 | $ 634,979 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation | 123,951 | 89,327 |
| Gain on disposal of property and equipment | | (7,726) |
| Gain on store transfers | (205,000) | |
| Amortization of operating lease right-of-use assets | 75,342 | 61,666 |
| Amortization of contract acquisition costs | 44,773 | 33,938 |
| Bad debt expense | 128,889 | |
| Stock bonus compensation | 1,080,980 | 1,268,160 |
| Deferred income taxes | (10,000) | 28,800 |
| Net changes in operating assets and liabilities | | |
| Royalties receivable | 10,269 | (13,348) |
| Vendor commissions and other receivables | (113,070) | (273,993) |
| Inventories | (75,750) | |
| Due to/from related parties | (33,809) | (734) |
| Prepaid expenses | 35,586 | (60,309) |
| Prepaid corporate taxes | 138,648 | 2,350 |
| Contract acquisition costs | (21,417) | (15,875) |
| Security deposits | (9,875) | |
| Accounts payable and accrued expenses | 510,706 | 12,820 |
| Accrued profit sharing contribution | 22,593 | 63,929 |
| Deferred franchise fees | (386,585) | (50,945) |
| Deferred vendor incentive bonus | (40,000) | 160,000 |
| Unredeemed gift cards | 14,968 | 70,493 |
| Operating lease liabilities | (92,187) | (61,040) |
| Net cash provided by operating activities | 1,612,847 | 1,942,492 |
| Investing activities | | |
| Purchases of property and equipment | (177,120) | (272,482) |
| Proceeds from sale of property and equipment | | 19,941 |
| Purchase of stores held for sale | (239,153) | |
| Proceeds from sale of store held for sale | 114,153 | |
| Increase in notes receivable | (135,754) | (71,450) |
| Repayments of notes receivable | 47,394 | 46,353 |
| Net cash used in investing activities | (390,480) | (277,638) |
| Financing activities | | |
| Repayments of long-term debt | (36,685) | (56,958) |
| Distributions to stockholders | (923,008) | (1,646,425) |
| Net cash used in financing activities | (959,693) | (1,703,383) |
| Net increase (decrease) in cash | 262,674 | (38,529) |
| Cash and cash equivalents, beginning of period | 1,679,437 | 1,717,966 |
| Cash and cash equivalents, end of period | $ 1,942,111 | $ 1,679,437 |

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

## 1. Nature of activities and summary of significant accounting policies

PrimoHoagies Franchising, Inc. (Company) was formed on August 25, 2005 to develop, sell and service PrimoHoagies franchises. The Company's operations commenced on January 3, 2006. The PrimoHoagies restaurant is a specialized fast food restaurant, featuring hoagie sandwiches, salads, assorted side dishes and soft drinks. Substantially all revenues are derived from franchise royalties, sales of franchise rights and vendor commissions and rebates. The Company is a registered franchisor. The franchises are marketed primarily throughout the Middle Atlantic States of the United States of America. At December 31, 2024 and 2023, one non-franchised store, which generated the initial concept for the PrimoHoagies franchise system, is operated by one of the owners of the Company.

The Company, as a registered franchisor, is required to file an annual franchise disclosure document (FDD). The 2025 FDD, which will include a copy of the 2024 consolidated financial statements, was not filed by the statutory due date of April 30, 2025. The Company is in the process of filing the 2025 FDD.

The Company's wholly-owned subsidiary, PHAC1, LLC, was formed to operate corporate-owned stores until such stores are sold to franchisees.

The following details franchise and corporate-owned store activity during the years ended December 31:

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | Franchises | Corporate-Owned | Total | Franchises | Corporate-Owned | Total |
| Franchises and corporate-owned stores, beginning of year | 109 | - | 109 | 93 | - | 93 |
| Franchises opened during year | 10 | - | 10 | 19 | - | 19 |
| Franchises closed during year | (1) | - | (1) | (3) | - | (3) |
| Franchises acquired by PHAC1, LLC | (7) | 7 | - | - | - | - |
| Franchises acquired by PHAC1, LLC sold to new franchisee | 1 | (1) | - | - | - | - |
| Franchises and corporate-owned stores, end of year | 112 | 6 | 118 | 109 | - | 109 |

On October 17, 2011, one of the Company's stockholders formed PrimoHoagies Holding Company, Inc. (Holding) which was incorporated under the laws of the Commonwealth of Pennsylvania. Holding was formed for the exclusive purpose of holding and maintaining the gift card bank account and liability for the Company.

### Basis of presentation

The accompanying consolidated financial statements include the accounts of the Company, its subsidiary, PHAC1, LLC, and its affiliate, Holding.

All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

**1. Nature of activities and summary of significant accounting policies (Continued)**

**Basis of presentation (Continued)**

Management considers for consolidation an entity, in which it has certain interests, where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity (VIE), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it. Holding is the principal entity in which the Company possesses a variable interest, and therefore, it is included in the consolidated financial statements. Any creditors against the general credit of Holding do not have recourse against the general credit of the Company as a result of the Company including these accounts in its consolidated financial statements. The carrying amount and classification of the assets and liabilities of Holding included in the consolidated financial statements are as follows at December 31:

| | 2024 | 2023 |
|---|---|---|
| Cash and total assets | $309,420 | $ 319,930 |
| Unredeemed gift cards and total liabilities | $890,214 | $ 875,246 |

**Recent accounting pronouncements**

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of credit losses for the remaining estimated life of a financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Financial assets held by the Company subject to the guidance in ASC 326 are royalties receivable, vendor commissions and other receivables, and notes receivable. The Company adopted the new standard using the modified retrospective approach effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures.

**Accounting estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

**1. Nature of activities and summary of significant accounting policies (Continued)**

**Concentrations of credit risk**

Financial instruments which potentially expose the Company to concentrations of credit risk consist primarily of cash and receivables. The Company places its cash in one financial institution. At times, cash balances may be in excess of the FDIC insurance limit. Concentrations of credit risk with respect to receivables are generally diversified due to the large number of entities comprising the Company's receivable balance and their dispersion across many different geographies. The Company performs ongoing credit evaluations of its franchisees' financial condition and generally requires no collateral.

**Investment in stores held for sale**

Franchise locations purchased by the Company and held for sale are recorded at cost. During 2024, the Company purchased three locations for investment. One of these locations was sold to a third party in 2024 while the remaining two were sold to a third party in 2025.

**Revenue recognition**

The Company's revenue is derived from franchise revenue, advertising fund revenue, commissions and vendor rebates, and food sales from corporate-owned stores. Revenue is measured based on consideration specified in contracts with franchisees and vendors.

*Franchise fees and royalty income*

Contract consideration from a franchisee consists primarily of initial or renewal franchise fees, sales-based royalties, and transfer fees payable by a franchisee for the transfer of a franchise unit to another franchisee. The Company also enters into multi-unit option (MUO) agreements which grant a franchisee the right to develop multiple franchise units. The Company collects an upfront area development fee for the grant of such rights. The initial franchise fees and upfront area development fees are nonrefundable and are generally collected when the underlying franchise agreement or MUO agreement is signed by the franchisee. Sales-based royalties are generally determined and collected weekly. Renewal fees are collected when an existing franchisee renews their franchise agreement for an additional term. Transfer fees are collected when a transfer of an existing franchise to a third party occurs.

**1. Nature of activities and summary of significant accounting policies (Continued)**

**Revenue recognition (Continued)**

*Franchise fees and royalty income (Continued)*

The Company's primary performance obligation under the franchise agreement mainly consists of granting certain rights to access the Company's intellectual property over the term of the franchise agreement and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities (pre-opening activities). The Company has determined that the pre-opening activities transfer a benefit to the franchisee directly, without use of the license, and, therefore, these are considered to be individually distinct and accounted for as a single performance obligation. The Company records pre-opening services revenue when the franchised location opens. The ongoing promises are highly dependent upon and interrelated with access to the intellectual property; therefore, they are not considered to be individually distinct. Thus, these are combined with the access to the Company's intellectual property and are accounted for as a single performance obligation, which is satisfied by granting certain rights to access the intellectual property over the term of each franchise agreement. Although the franchisor's underlying activities associated with the intellectual property will vary during the course of each franchise agreement, the intellectual property is accessed over time and the customer (franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the intellectual property and, therefore, initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

MUO agreements generally consist of an obligation to grant the right to open two or more units. These development rights are not distinct from franchise agreements; therefore, upfront fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are earned based on a percentage of franchisee gross revenues, as defined in the franchise agreement. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

*Advertising Fund*

The Company maintains an advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Advertising fund fees are collected from franchisees based on a percentage of franchisee gross revenues, as defined in the franchise agreement. The Company has determined that it acts as a principal in the collection and administration of the advertising fund and, therefore, recognizes the revenues and expenses related to the advertising fund on a gross basis. Advertising fund revenues represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

**1. Nature of activities and summary of significant accounting policies (Continued)**

**Revenue recognition (Continued)**

*Vendor commissions and rebates*

The Company has entered into certain preferred vendor arrangements for which it earns a commission or rebate from the vendor based on a percentage of the volume of purchases made by its franchisees. Vendor commissions and rebates are recognized in the period purchases are made by its franchisees and reported to the Company.

*Food sales*

The Company records revenue from the sale of food and beverages at its corporate-owned stores upon delivery of the food or beverage to the customer (the consumer), which is when the performance obligation is satisfied. The Company collects and remits sales, food and beverage and hospitality taxes on transactions with customers and reports such amounts under the net method in the consolidated statements of operation. Accordingly, these taxes are not included in gross revenue.

**Contract balances**

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as deferred franchise fees on the accompanying consolidated balance sheets.

Pursuant to the execution of a preferred vendor agreement commencing January 1, 2023 and expiring the later of December 31, 2027 or such time the Company has purchased a specific quantity of product, the Company received an advance payment of $200,000 constituting signing incentive funds (Incentive Funds). The Incentive Funds are earned by the Company over the term of the agreement based on the quantity of product purchased. The unearned funds are presented as deferred vendor incentive funds on the accompanying consolidated balance sheets.

**Incremental costs of obtaining a contract**

The Company capitalizes direct and incremental costs, principally consisting of commissions associated with the sale of franchises, which are amortized over the term of the related franchise agreement.

**Cash and cash equivalents**

For purposes of the statement of cash flows, the Company considers all short-term investments with an initial maturity of three months or less to be cash equivalents.

**1. Nature of activities and summary of significant accounting policies (Continued)**

**Accounts receivable, notes receivable and allowance for credit losses**

The Company records accounts receivable in accordance with its contracts. The Company's receivables are primarily derived from royalty and advertising fees due from franchisees and commissions from preferred vendors. In addition, the Company has notes receivable from certain franchisees and employees.

At each balance sheet date, the Company recognizes an expected allowance for credit losses. The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's portfolio segments have remained constant since the Company's inception. Accounts are written-off against the allowance for credit losses as they are determined to be uncollectible. No allowance for credit losses was considered necessary at December 31, 2024 or 2023 for royalties receivable, vendor commissions and other receivables. At December 31, 2024 and 2023, an allowance for credit losses for notes receivable was established totaling $128,889 and $-0-, respectively.

**Inventories**

Inventories consist primarily of food and beverage products at corporate-owned stores and are recorded at the lower of cost or net realized value using the first-in, first-out costing method. Unsold perishables are discarded and charged to cost of goods sold.

**Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. Significant additions and major improvements are capitalized. Expenditures for minor additions, maintenance, repairs and minor renewals are expensed as incurred. Gains or losses on disposition of property and equipment are reflected in the statement of income. Depreciation and amortization are provided using the straight-line method over the estimated useful lives of the assets, which range from five to fifteen years.

**Impairment of long-lived assets**

Long-lived assets are reviewed for impairment when circumstances indicate that the carrying value of an asset may not be recoverable. If impairment exists, an adjustment is recorded to write down the asset to its fair value.

**Leases**

The Company determines whether an arrangement is, or contains, a lease at inception. Operating and finance leases that have commenced are included in operating and finance lease right-of-use (ROU) assets and operating and finance lease liabilities, current and long-term in the balance sheet. Classification of the operating and finance lease liabilities as either current or noncurrent is based on the expected timing of payments due under the Company's obligations.

**1. Nature of activities and summary of significant accounting policies (Continued)**

**Leases (Continued)**

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Leases with an initial term of twelve months or less are not recorded on the balance sheet. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

For the Company's leases which do not provide an implicit rate, the Company estimates the incremental borrowing rate based on the risk-free rate at the commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. Lease terms may include the effect of options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. As a lessee, the Company accounts for the lease and non-lease components as a single lease component. Certain leases which include variable payments based on an index or rate are recognized as lease expense on a straight line basis over the term of the lease. Variable lease payments not based on a rate or index are expensed as incurred. See Note 6 for additional information about the Company's leases.

**Income taxes**

The Company, with the approval of its stockholders, has elected to be treated as an S corporation for federal and state income tax reporting purposes. PHAC1, LLC is a disregarded entity whereby its income flows directly to the Company. The income tax attributes of the Company are passed through to the individual stockholders. Accordingly, no provision has been made for federal and certain state income taxes. For the years ended December 31, 2024 and 2023, the Company has elected the Pass Through Entity (PTE) tax for certain states which taxes income at the corporate level versus at the individual stockholder level and, accordingly, a provision for state income taxes has been recorded. Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities (See Note 9).

Holding is a C corporation for federal and state income tax purposes.

In accordance with FASB ASC Topic 740, *Income Taxes*, the Company has evaluated its tax positions. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than 50 percent. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. Under the "more likely than not" threshold guidelines, the Company believes that no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. In addition, the Company had no material unrecognized tax benefits or accrued interest and penalties.

The Company's policy is to account for interest related to unrecognized tax benefits as interest expense and penalties related to unrecognized tax benefits as a component of operating expenses.

**1. Nature of activities and summary of significant accounting policies (Continued)**

**Gift cards**

The Company and franchisees sell gift cards that are redeemable for product in restaurants. The Company manages the gift card program, and therefore collects all funds from the activation of gift cards and reimburses franchises for the redemption of gift cards in their restaurants. The gift cards do not expire or diminish in value. A liability for unredeemed gift cards, as well as historical gift certificates sold, is included in the consolidated balance sheets.

**Advertising**

The Company expenses the costs of advertising as they are incurred. Advertising expense was $1,618,343 and $1,576,150 for the years ended December 31, 2024 and 2023, respectively.

**Supplemental cash flow information**

*Cash paid for interest*

For the years ended December 31, 2024 and 2023, the Company paid interest of $20,687 and $15,816, respectively.

*Cash paid for income taxes*

For the year ended December 31, 2024, the Company received a refund of income taxes of $116,685. For the year ended December 31, 2023, the Company paid income taxes of $25,051.

*Non-cash financing activities*

The Company accrued distributions to stockholders totaling $223,024 and $33,600 at December 31, 2024 and 2023, respectively, which are included in accounts payable and accrued expenses on the consolidated balance sheets.

See Note 6 for additional information regarding non-cash investing and financing activities with respect to leases.

**2. Revenue and related contract balances**

The Company derives its revenues from franchisees located predominantly throughout the Middle Atlantic States of the United States of America. The economic risk of the Company's revenues is dependent on the strength of the economy and the Company’s ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by timing of revenue recognition and by type of revenues, as it believes this best depicts the nature, amount, timing and uncertainty of revenue and cash flows.

**2. Revenue and related contract balances (Continued)**

The following table represents disaggregated revenues for the year ended December 31:

| | 2024 | 2023 |
|---|---|---|
| Recognized at a point in time | | |
| Franchise fees | $ 233,788 | $ 103,417 |
| Franchise fees- termination of MUO agreements | 408,500 | -0- |
| Franchise royalties | 4,844,415 | 4,734,564 |
| Advertising fund fees | 2,164,338 | 1,960,617 |
| Food sales | 607,924 | -0- |
| Vendor commissions and rebates and other revenues | 1,823,531 | 1,856,582 |
| Total point in time | 10,082,496 | 8,655,180 |
| Recognized over time | | |
| Franchise fees | 98,797 | 120,028 |
| Total revenues | $10,181,293 | $8,775,208 |

**Contract balances**

Contract liabilities are comprised of unamortized initial and renewal franchise fees received from franchisees, which are presented as deferred franchise fees on the accompanying consolidated balance sheets. A summary of significant changes in deferred revenue is as follows:

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| Deferred franchise fees at beginning of year | $ 760,922 | $ 811,867 | $ 654,251 |
| Additions for initial and renewal franchise fees received | 354,500 | 172,500 | 566,500 |
| Revenue recognized during the period | (741,085) | (223,445) | (408,884) |
| Deferred franchise fees at year end | $ 374,337 | $ 760,922 | $ 811,867 |
| Deferred franchise fees consisted of the following: | | | |
| Franchise units not yet opened | $ 162,500 | $ 516,000 | $ 526,083 |
| Opened franchise units | 211,837 | 244,922 | 285,784 |
| Total | $ 374,337 | $ 760,922 | $ 811,867 |

**2. Revenue and related contract balances (Continued)**

**Contract balances (Contract)**

Deferred franchise fees for opened franchise units are expected to be recognized as revenue over the remaining term of the associated franchise agreement as follows:

| Year Ending December 31 | Amount |
|---|---|
| 2025 | $ 54,891 |
| 2026 | 45,748 |
| 2027 | 27,535 |
| 2028 | 13,831 |
| 2029 | 13,393 |
| Thereafter | 56,439 |
| Total | $211,837 |

In addition, unearned incentive funds from a preferred vendor totaling $120,000 and $160,000 are included in deferred incentive bonus on the accompanying consolidated balance sheets at December 31, 2024 and 2023, respectively. There were no unearned incentive funds at December 31, 2022.

**3. Notes receivable**

The Company has outstanding notes receivable from certain franchisees and employees totaling $219,000 and $259,529 at December 31, 2024 and 2023, respectively. These notes bear interest ranging from 0% to 1.9% and are repayable monthly.

These notes receivable are presented in the consolidated balance sheet at December 31:

| | 2024 | 2023 |
|---|---|---|
| Notes receivable, current | $116,383 | $ 123,210 |
| Notes receivable, long-term | 102,617 | 136,319 |
| | $219,000 | $ 259,529 |

**3. Notes receivable (Continued)**

Future repayments of notes receivable at December 31, 2024 are as follows.

| Year Ending December 31 | Amount |
|---|---|
| 2025 | $237,216 |
| 2026 | 82,839 |
| 2027 | 27,834 |
| | 347,889 |
| Less allowance for credit losses | 128,889 |
| Total | $219,000 |

**4. Property and equipment**

Property and equipment consisted of the following at December 31:

| | 2024 | 2023 |
|---|---|---|
| Furniture and fixtures | $ 307,554 | $ 103,391 |
| Leasehold improvements | 155,002 | 118,930 |
| Transportation equipment | 672,642 | 555,757 |
| | 1,135,198 | 778,078 |
| Less accumulated depreciation | 455,348 | 331,397 |
| | $ 679,850 | $ 446,681 |

Depreciation expense for the years ended December 31, 2024 and 2023 was $123,951 and $89,327, respectively.

## 5. Long-term debt

Long-term debt consists of the following at December 31:

| | 2024 | 2023 |
|---|---|---|
| Note payable due in monthly installments of $2,589, including interest at 6.94%, through March 2026, collateralized by vehicle. | $ 37,096 | $ 64,549 |
| Note payable due in monthly installments of $498, including interest at 4.76%, through September 2026, collateralized by vehicle. | 10,023 | 15,363 |
| Note payable due in monthly installments totaling $392, including interest at 1.90%, through May 2026, collateralized by vehicle. | 6,011 | 9,903 |
| | 53,130 | 89,815 |
| Less current maturities | 39,656 | 37,342 |
| Long-term debt | $ 13,474 | $ 52,473 |

Future maturities of long-term debt at December 31, 2024 are as follows:

| Year Ending December 31 | Amount |
|---|---|
| 2025 | $ 39,656 |
| 2026 | 13,474 |
| | $ 53,130 |

## 6. Leases

The Company leases automobiles and office equipment under operating leases typically with initial terms of three to five years. In addition, during 2024, the Company was assigned the lease for one of its corporate-owned stores. The Company also leases office space under a month-to-month operating lease with a related party (Note 8).

**6. Leases (Continued)**

The following summarizes the line items in the consolidated balance sheet which include amounts for operating leases as of December 31:

| | 2024 | 2023 |
|---|---|---|
| **Operating Leases** | | |
| Operating lease right-of-use-assets | $389,454 | $ 54,571 |
| Operating lease liabilities, current | $ 92,456 | $ 44,972 |
| Operating lease liabilities, long-term | 280,153 | 9,599 |
| Total operating lease liabilities | $372,609 | $ 54,571 |

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

| | 2024 | 2023 |
|---|---|---|
| **Weighted Average Remaining Lease Term** | | |
| Operating leases | 4.75 years | 1.12 years |
| **Weighted Average Discount Rate** | | |
| Operating leases | 4.35% | 5.78% |

The maturities of operating lease liabilities as of December 31, 2024 were as follows:

| Year Ending December 31 | Amount |
|---|---|
| 2025 | $106,479 |
| 2026 | 78,164 |
| 2027 | 70,096 |
| 2028 | 59,435 |
| 2029 | 61,812 |
| Thereafter | 36,884 |
| | 412,870 |
| Less imputed interest | 40,261 |
| | $372,609 |

**6. Leases (Continued)**

The following summarizes the components of net lease cost for the years ended December 31:

| | 2024 | 2023 |
|---|---|---|
| Operating lease cost included in general and administrative expenses | $ 85,288 | $ 66,314 |
| Short-term lease cost included in general and administrative expenses | 240,663 | 99,858 |
| Variable lease cost | 6,177 | 4,291 |
| Net lease cost | $332,128 | $170,463 |

The following summarizes supplemental cash flow information related to leases for the year ended December 31:

| | 2024 | 2023 |
|---|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: Operating cash flow from operating leases | $ 97,782 | $ 65,688 |
| Lease assets obtained in exchange for operating lease obligations | $410,225 | $ -0- |
| Lease assets and lease obligations written down due to early termination of lease | $ -0- | $ 19,677 |

Pursuant to the September 5, 2024 assignment of a lease from a franchisee to a new franchisee (Assignee), in connection with the transfer of the franchised operation, the landlord required the Company to guarantee the full and faithful performance of the Assignee's lease obligation through September 2026.

**7. Stock bonus plan**

The Company instituted a stock bonus plan during 2017 for certain key employees of the Company (Plan). The Plan was amended and restated in 2020 and further amended in 2021 and 2023. The purposes of the Plan include: (i) inducing certain employees of Company to remain in the employ of Company, (ii) incentivizing such employees for increased efforts in growing Company's business, (iii) linking employee compensation to Company's performance goals, and (iv) aligning individual performance with Company's business plans, strategic initiatives and policies.

While the Plan is in effect, the Company will not issue additional shares of its Class B non-voting common stock (Shares), except in accordance with the terms of the Plan. The Company will issue Shares to Plan participants on each occasion when a system-wide sales trigger condition is satisfied. Further, the Company will not issue additional shares of its Class A voting common stock without the unanimous consent of the stockholders.

**7. Stock bonus plan (Continued)**

The Company determines and reports system-wide sales no later than three months following the close of Company's previous calendar year to ascertain if conditions were met for further stock issuances under the Plan. In 2024, the Company issued an additional 400 Shares resulting in compensation expense of $1,080,980 recognized in the statement of income. In 2023, the Company issued an additional 600 Shares resulting in compensation expense totaling $1,268,160 recognized in the statement of income. As of December 31, 2024, 1,600 Shares have been issued under the Plan.

**8. Related party transactions**

Franchise owners are required to purchase certain food and beverage products from specifically designated suppliers. One of the Company's stockholders and certain of their family members owns a major supplier to the franchises. Management maintains the position that other suppliers are available and franchise operators may request in writing an exception to this provision for specifically approved reasons. During the years ended December 31, 2024 and 2023, corporate-owned stores made purchases totaling $214,706 and $-0-, respectively, from this supplier. Amounts due from the Company to this supplier totaled $22,107 and $-0- at December 31, 2024 and 2023, respectively, which is included in due to related parties on the consolidated balance sheets.

The Company rents office space in New Jersey from a related party on a month-to-month basis. Rent expense for each of the years ended December 31, 2024 and 2023 was $99,858.

One of the Company's stockholders, as well certain members of their family, operate certain franchise locations. Net amounts due from these related parties totaled $65,586 and and $9,670 at December 31, 2024 and 2023, respectively, which is included in due from related parties on the consolidated balance sheets.

**9. Income taxes**

Income tax (benefit) expense consists of the following at December 31:

| | 2024 | 2023 |
|---|---|---|
| Current income taxes | | |
| State | $ 21,963 | $ 30,293 |
| | 21,963 | 30,293 |
| Deferred income taxes, other | | |
| State | (10,000) | 28,800 |
| | (10,000) | 28,800 |
| Income tax expense | $ 11,963 | $ 59,093 |

**9. Income taxes (Continued)**

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities were as follows at December 31:

| | 2024 | 2023 |
|---|---|---|
| Deferred tax assets (liabilities) | | |
| Accounts receivable | $ (23,200) | $ (22,100) |
| Deferred income | 16,300 | 26,800 |
| Accounts payable and accrued expenses | 19,800 | (1,800) |
| Depreciation and amortization expense | 700 | (700) |
| Net deferred tax assets | $ 12,200 | $ 2,200 |

**10. Retirement plan**

The Company maintains a 401(k) savings plan with a profit-sharing provision for the benefit of substantially all of its employees. The Company makes safe harbor matching contributions of 3% of annual gross compensation for eligible employees and may also make discretionary profit-sharing contributions. Employer contributions, which consisted of safe harbor matching and discretionary profit-sharing contributions, totaled $ 186,279 and $167,042 for the years ended December 31, 2024 and 2023, respectively.

**11. Subsequent events**

On March 21, 2025, the Company sold its stores held for sale for proceeds of $200,000.

In connection with the preparation of the consolidated financial statements, the Company has evaluated subsequent events from December 31, 2024 through May 8, 2025, which is the date the financial statements were available for issuance and concluded that no additional disclosures are required.

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

SUPPLEMENTAL CONSOLIDATING SCHEDULE, BALANCE SHEET INFORMATION

December 31, 2024

| | PrimoHoagies Franchising, Inc. | PrimoHoagies Holding Company | PHAC1, LLC | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | $ 1,558,343 | $ 309,420 | $ 74,348 | $ - | $ 1,942,111 |
| Royalties receivable, net | 26,596 | - | - | - | 26,596 |
| Vendor commissions and other receivables, net | 828,260 | - | 6,807 | - | 835,067 |
| Inventories | - | - | 75,750 | - | 75,750 |
| Due from subsidiary and affiliate | 658,167 | 598,237 | 25,000 | 1,281,404 | - |
| Due from related parties | 67,899 | - | - | - | 67,899 |
| Notes receivable, net of allowance for credit losses | 91,383 | - | 25,000 | - | 116,383 |
| Prepaid expenses | 76,799 | - | 11,682 | - | 88,481 |
| Prepaid corporate taxes | 7,002 | - | - | - | 7,002 |
| Investment in stores held for sale | - | - | 150,000 | - | 150,000 |
| Contract acquisition costs | 19,205 | - | - | - | 19,205 |
| Total current assets | 3,333,654 | 907,657 | 368,587 | 1,281,404 | 3,328,494 |
| Property and equipment, net | 507,350 | - | 172,500 | - | 679,850 |
| Other assets | | | | | |
| Notes receivable, net of allowance for credit losses, noncurrent portion | 102,617 | - | - | - | 102,617 |
| Operating lease right-of-use assets | 103,694 | - | 285,760 | - | 389,454 |
| Deferred income taxes | 12,200 | - | - | - | 12,200 |
| Investment in subsidiary | (213,068) | - | - | (213,068) | - |
| Security deposits | - | - | 9,875 | - | 9,875 |
| Contract acquisition costs, net of current portion | 142,521 | - | - | - | 142,521 |
| Total assets | $ 3,988,968 | $ 907,657 | $ 836,722 | $ 1,068,336 | $ 4,665,011 |
| **Liabilities and stockholders'/members' equity** | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued expenses | $ 1,058,371 | $ - | $ 80,348 | $ - | $ 1,138,719 |
| Accrued profit sharing contribution | 189,635 | - | - | - | 189,635 |
| Deferred franchise fees | 54,891 | - | - | - | 54,891 |
| Deferred vendor incentive bonus | 40,000 | - | - | - | 40,000 |
| Due to subsidiary and affiliate | 598,237 | 25,000 | 658,167 | 1,281,404 | - |
| Due to related parties | - | - | 24,420 | - | 24,420 |
| Unredeemed gift cards | - | 890,214 | | - | 890,214 |
| Operating lease liabilities | 50,856 | - | 41,600 | - | 92,456 |
| Current maturities of long-term debt | 39,656 | - | - | - | 39,656 |
| Total current liabilities | 2,031,646 | 915,214 | 804,535 | 1,281,404 | 2,469,991 |
| Long-term liabilities | | | | | |
| Deferred franchise fees, net of current portion | 319,446 | - | - | - | 319,446 |
| Deferred vendor incentive bonus, net of current portion | 80,000 | - | - | - | 80,000 |
| Operating lease liabilities, net of current portion | 34,898 | - | 245,255 | - | 280,153 |
| Long term debt, net of current portion | 13,474 | - | - | - | 13,474 |
| Total long-term liabilities | 447,818 | - | 245,255 | - | 693,073 |
| Stockholders' and member's equity | | | | | |
| Common stock | 80,000 | - | - | - | 80,000 |
| Additional paid-in-capital | 3,520,472 | - | - | - | 3,520,472 |
| Accumulated deficit and member's deficit | (2,090,968) | (7,557) | (213,068) | (213,068) | (2,098,525) |
| Total stockholders' and members' equity (deficit) | 1,509,504 | (7,557) | (213,068) | (213,068) | 1,501,947 |
| Total liabilities and stockholders' and members' equity (deficit) | $ 3,988,968 | $ 907,657 | $ 836,722 | $ 1,068,336 | $ 4,665,011 |

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

SUPPLEMENTAL CONSOLIDATING SCHEDULE, BALANCE SHEET INFORMATION

December 31, 2023

| | PrimoHoagies Franchising, Inc. | PrimoHoagies Holding Company | PHAC1, LLC | Eliminations | Consolidated |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | $ 1,358,805 | $ 319,930 | $ 702 | $ - | $ 1,679,437 |
| Royalties receivable, net | 36,865 | - | - | - | 36,865 |
| Vendor commissions and other receivables, net | 721,997 | - | - | - | 721,997 |
| Due from subsidiary and affiliate | 133,227 | 600,776 | 25,000 | 759,003 | - |
| Due from related parties | 9,670 | - | - | - | 9,670 |
| Notes receivable, net of allowance for credit losses | 123,210 | - | | - | 123,210 |
| Prepaid expenses | 124,067 | - | - | - | 124,067 |
| Prepaid corporate taxes | 145,650 | - | - | - | 145,650 |
| Contract acquisition costs | 30,819 | - | - | - | 30,819 |
| Total current assets | 2,684,310 | 920,706 | 25,702 | 759,003 | 2,871,715 |
| Property and equipment, net | 446,681 | - | - | - | 446,681 |
| Other assets | | | | | |
| Notes receivable, net of allowance for credit losses, noncurrent portion | 136,319 | - | - | - | 136,319 |
| Operating lease right-of-use assets | 54,571 | - | - | - | 54,571 |
| Deferred income taxes | 2,200 | - | - | - | 2,200 |
| Investment in subsidiary | (83,675) | - | - | (83,675) | - |
| Contract acquisition costs, net of current portion | 154,263 | - | - | - | 154,263 |
| Total assets | $ 3,394,669 | $ 920,706 | $ 25,702 | $ 675,328 | $ 3,665,749 |
| **Liabilities and stockholders'/members' equity** | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued expenses | $ 435,589 | $ - | $ 3,000 | $ - | $ 438,589 |
| Accrued profit sharing contribution | 167,042 | - | - | - | 167,042 |
| Deferred franchise fees | 81,684 | - | - | - | 81,684 |
| Deferred vendor incentive bonus | 40,000 | | | | 40,000 |
| Due to subsidiary and affiliate | 600,776 | 51,850 | 106,377 | 759,003 | - |
| Unredeemed gift cards | | 875,246 | - | - | 875,246 |
| Operating lease liabilities | 44,972 | - | - | - | 44,972 |
| Current maturities of long-term debt | 37,342 | - | - | - | 37,342 |
| Total current liabilities | 1,407,405 | 927,096 | 109,377 | 759,003 | 1,684,875 |
| Long-term liabilities | | | | | |
| Deferred franchise fees, net of current portion | 679,238 | - | - | - | 679,238 |
| Deferred vendor incentive bonus, net of current portion | 120,000 | | | | 120,000 |
| Operating lease liabilities, net of current portion | 9,599 | - | - | - | 9,599 |
| Long term debt, net of current portion | 52,473 | - | - | - | 52,473 |
| Total long-term liabilities | 861,310 | - | - | - | 861,310 |
| Stockholders' and member's equity | | | | | |
| Common stock | 80,000 | - | - | - | 80,000 |
| Additional paid-in-capital | 2,439,492 | - | - | - | 2,439,492 |
| Accumulated deficit and member's deficit | (1,393,538) | (6,390) | (83,675) | (83,675) | (1,399,928) |
| Total stockholders' and members' equity (deficit) | 1,125,954 | (6,390) | (83,675) | (83,675) | 1,119,564 |
| Total liabilities and stockholders' and members' equity (deficit) | $ 3,394,669 | $ 920,706 | $ 25,702 | $ 675,328 | $ 3,665,749 |

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

SUPPLEMENTAL CONSOLIDATING SCHEDULE

STATEMENT OF INCOME INFORMATION

Year Ended December 31, 2024

| | PrimoHoagies Franchising, Inc. | PrimoHoagies Holding Company | PHAC1, LLC | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Franchise revenue | | | | | |
| Franchise royalties | $ 4,844,415 | $ - | $ - | $ - | $ 4,844,415 |
| Franchise fees | 741,085 | - | - | - | 741,085 |
| Total franchise revenues | 5,585,500 | - | - | - | 5,585,500 |
| Advertising fund revenues | 2,164,338 | - | - | - | 2,164,338 |
| Food sales | - | - | 607,924 | - | 607,924 |
| Vendor commissions and rebates and other revenues | 1,823,531 | - | - | - | 1,823,531 |
| Total revenues | 9,573,369 | - | 607,924 | - | 10,181,293 |
| Operating expenses | | | | | |
| Cost of sales - corporate-owned restaurants | - | - | 277,092 | - | 277,092 |
| General and administrative | 9,000,935 | 6,277 | 665,226 | - | 9,672,438 |
| Total expenses | 9,000,935 | 6,277 | 942,318 | - | 9,949,530 |
| Income (loss) from operations | 572,434 | (6,277) | (334,394) | - | 231,763 |
| Other income (expense) | | | | | |
| Interest income | 687 | - | - | - | 687 |
| Interest expense | (20,687) | - | - | - | (20,687) |
| Other income | 3,926 | 5,109 | | - | 9,035 |
| Gain on store transfers | - | - | 205,000 | - | 205,000 |
| Equity in loss of PHAC1, LLC | (129,394) | - | - | (129,394) | - |
| Total other income (expense) | (145,468) | 5,109 | 205,000 | (129,394) | 194,035 |
| Income (loss) before income taxes | 426,966 | (1,168) | (129,394) | (129,394) | 425,798 |
| Income tax expense | 11,963 | - | - | - | 11,963 |
| Net income (loss) | $ 415,003 | $ (1,168) | $ (129,394) | $ (129,394) | $ 413,835 |

**PRIMOHOAGIES FRANCHISING, INC. AND SUBSIDIARY AND AFFILIATE**

SUPPLEMENTAL CONSOLIDATING SCHEDULE

STATEMENT OF INCOME INFORMATION

Year Ended December 31, 2023

| | PrimoHoagies Franchising, Inc. | PrimoHoagies Holding Company | PHAC1, LLC | Eliminations | Consolidated |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Franchise revenue | | | | | |
| Franchise royalties | $ 4,734,564 | $ - | $ - | $ - | $ 4,734,564 |
| Franchise fees | 223,445 | - | - | - | 223,445 |
| Total franchise revenues | 4,958,009 | - | - | - | 4,958,009 |
| Advertising fund revenues | 1,960,617 | - | - | - | 1,960,617 |
| Vendor commissions and rebates and other revenues | 1,856,582 | - | - | - | 1,856,582 |
| Total revenues | 8,775,208 | - | - | - | 8,775,208 |
| Operating expenses | | | | | |
| General and administrative | 8,072,817 | 4,677 | 680 | - | 8,078,174 |
| Total expenses | 8,072,817 | 4,677 | 680 | - | 8,078,174 |
| Income (loss) from operations | 702,391 | (4,677) | (680) | - | 697,034 |
| Other income (expense) | | | | | |
| Gain from disposal of property and equipment | 7,726 | - | - | - | 7,726 |
| Interest income | 689 | | | | 689 |
| Interest expense | (15,816) | - | - | - | (15,816) |
| Other income | | 4,439 | | - | 4,439 |
| Equity in loss of PHAC1, LLC | (680) | - | - | (680) | - |
| Total other income (expense) | (8,081) | 4,439 | - | (680) | (2,962) |
| Income (loss) before income taxes | 694,310 | (238) | (680) | (680) | 694,072 |
| Income tax expense | 59,093 | - | - | - | 59,093 |
| Net income (loss) | $ 635,217 | $ (238) | $ (680) | $ (680) | $ 634,979 |

**CONSENT OF ACCOUNTANT**

McKonly and Asbury, LLP consents to the use, in the Franchise Disclosure Document issued by PrimoHoagies Franchising, Inc. (Franchisor) on or about May 9, 2025, of our report dated May 8, 2025 relating to the financial statements of Franchisor and subsidiary and affiliate as of and for the year ended December 31, 2024.

*McKonly & Asbury, LLP*

Philadelphia, PA
May 8, 2025

# EXHIBIT F

# STATE ADDENDA

# ILLINOIS ADDENDA

**ADDENDUM TO THE PRIMOHOAGIES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the Franchise Disclosure Document of PrimoHoagies Franchising, LLC for use in the State of Illinois shall be amended as follows:

1. Item 17.b. of the Franchise Agreement and Multi-Unit Option Agreement charts, under the heading entitled "Renewal or extension of the term," shall be amended by the addition of the following language at the conclusion of the Item:

> Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/20.

2. Item 17.f. of the Franchise Agreement and Multi-Unit Option Agreement charts, under the heading entitled "Termination by franchisor with cause," shall be amended by the addition of the following language at the conclusion of the Item:

> The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19.

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

5. Item 17.w. of the Franchise Agreement and Multi-Unit Option Agreement charts, under the heading entitled "Choice of law," shall be amended by the addition of the following language at the conclusion of the Item:

> Illinois law shall apply.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Disclosure Document in duplicate on the date indicated below.

| **FRANCHISEE** | **PRIMOHOAGIES FRANCHISING, LLC** |
|---|---|
| By:_____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**AMENDMENT TO THE PRIMOHOAGIES FRANCHISING, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the PrimoHoagies Franchising, LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Section 2 of the Franchise Agreement, under the heading "Renewal," shall be supplemented by the addition of the following language after the last sentence in the Section:

> If any of the provisions of this Section 2 concerning non-renewal are inconsistent with the provisions of Section 20 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 20 of the Act shall apply.

2. Section 15 of the Franchise Agreement, under the heading "Default and Termination," shall be supplemented by the addition of the following language at the end of the Section:

> 15.5 If any of the provisions of this Section 15 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply.

3. Section 26.1 of the Franchise Agreement, under the heading entitled "Applicable Law," shall be supplemented by the addition of the following language at the end of the Section:

> Illinois law shall apply.

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

5. Section 26.8 of the Franchise Agreement, under the headings "Waiver of Right to A Jury and Punitive Damages," shall be supplemented by the addition of the following language:

> "Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void."

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Franchise Agreement in duplicate on the date indicated below.

| **FRANCHISEE** | **PRIMOHOAGIES FRANCHISING, LLC** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

**AMENDMENT TO THE PRIMOHOAGIES FRANCHISING, LLC MULTI-UNIT OPTION AGREEMENT REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the PrimoHoagies Franchising, LLC Multi-Unit Option Agreement (the "Multi-Unit Option Agreement") agree as follows:

1. Section 6 of the Multi-Unit Option Agreement, under the heading "Default and Termination," shall be supplemented by the addition of the following language at the end of the Section:

> 6.6 If any of the provisions of this Section 6 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply.

2. Section 14.1 of the Multi-Unit Option Agreement, under the heading entitled "Applicable Law," shall be supplemented by the addition of the following language at the end of the Section:

> Illinois law shall apply.

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

4. Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

5. Section 15.1 of the Multi-Unit Option Agreement, under the headings "Waiver of Right to a Jury and Punitive Damages," shall be supplemented by the addition of the following language at the end of the Section:

> 15.1.3 Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act **or any other law of the State of Illinois** is void.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment to the Multi-Unit Option Agreement in duplicate on the date indicated below.

| **DEVELOPER** | **PRIMOHOAGIES FRANCHISING, LLC** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

# INDIANA ADDENDUM

**AMENDMENT TO THE PRIMOHOAGIES FRANCHISING, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF INDIANA**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF INDIANA ARE HEREBY AMENDED AS FOLLOWS:**

1. Any agreement executed in and operative within the State of Indiana shall be governed by applicable Indiana franchise laws and the right of any franchisee to institute a civil action within the State of Indiana shall not be deemed to have been abridged in any form or manner by any provisions contained in this Agreement.

2. In compliance with Indiana Code 12-2-2.7-1(9), any provisions in this Franchise Agreement relating to non-competition upon the termination or non-renewal of the Franchise Agreement shall be limited to a geographic area not greater than the Franchise Area granted in this Franchise Agreement and shall be construed in accordance with Indiana Code 23-2-2.7-1(9).

3. Indiana Code section 23-2-2.7-1(10) prohibits the choice of an exclusive forum other than Indiana.

4. Indiana Code section 23-2.2.7-1(10) prohibits the limitation of litigation. The Indiana Secretary of State has interpreted this section to prohibit provisions in contracts regarding liquidated damages. Accordingly, any provisions in the Franchise Agreement regarding liquidated damages may not be enforceable.

5. In compliance with Indiana Code 23-2-2.7-1(10), any inference contained in this Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief shall, when applicable to a Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted, understood to mean and replace the words "may seek".

6. Indiana Code section 23-2-2.5 and 23-2-2.7 supersedes the choice of law clauses of the Franchise Agreement.

7. Indiana Code section 23-2.2.7-1 makes it unlawful for a franchisor to terminate a franchise without good cause or to refuse to renew a franchise on bad faith.

8. Any reference contained in this Franchise Agreement to a prospective franchisee's "exclusive Franchise Area" shall, in any Franchise Agreement executed in and operative within the State of Indiana, hereby be deleted and replaced with the words "non-exclusive Franchise Area".

9. In compliance with Indiana Code 23-2-2.7-1(5), any requirement that the Franchisee must execute a release upon termination of this Agreement shall not be mandatory and is hereby made discretionary. However, Franchisee shall execute all other documents necessary to fully rescind all agreements between the parties under this Agreement.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

| **FRANCHISEE** | **PRIMOHOAGIES FRANCHISING, LLC** |
|---|---|
| By:_____ | By:_____ |
| Name:_____ | Name:_____ |
| Title:_____ | Title:_____ |
| Date:_____ | Date:_____ |

# MARYLAND ADDENDA

**ADDENDUM TO THE PRIMOHOAGIES FRANCHISING, LLC**
**FRANCHISE DISCLOSURE DOCUMENT**
**REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Franchise Disclosure Document of PrimoHoagies Franchising, LLC for use in the State of Maryland shall be amended as follows:

1. In Item 11, the last sentence in the fifth paragraph under the heading "Brand Fund," which currently states: "We do not make financial statements of the fund available your review, so you have no right to obtain an accounting of the PrimoHoagies Brand Fund" shall be replaced with the following language:

> You will have the right to review periodic accountings of the PrimoHoagies Brand Fund's expenditures upon your reasonable request. You may obtain an accounting of the Fund by sending a written request to us.

2. Items 17(c) and 17(m) of the franchise agreement table, under the headings, "Requirements for franchisee to renew or extend" and "Conditions for franchisor approval of transfer," shall be supplemented by adding the following language at the end of each Item:

> However, a general release required as a condition of approval will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Item 17(m) of the Multi-Unit Option Agreement table, under the heading entitled "Conditions for franchisor approval of transfer," shall be supplemented by adding the following language at the end of the Item:

> However, a general release required as a condition of approval will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. Item 17(f) of the franchise agreement table, under the heading entitled "Termination by franchisor with cause," shall be supplemented by adding the following language at the end of the Item:

> The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. Item 17(f) of the Multi-Unit Option Agreement table, under the heading entitled "Termination by franchisor with cause," shall be supplemented by adding the following language at the end of the Item:

> The provision in the Multi-Unit Option Agreement which provides for termination upon bankruptcy of the area developer may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

6. Item 17(v) of the franchise agreement table and the Multi-Unit Option Agreement table, under the heading entitled "Choice of forum," shall be supplemented by adding the following language at end of each Item:

> A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. Item 17 of the franchise agreement table and the Multi-Unit Option Agreement table shall be further supplemented by adding the following language at the end of the Item:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

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

**AMENDMENT TO THE PRIMOHOAGIES FRANCHISING, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN., Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2013), the parties to the attached PrimoHoagies Franchising, LLC Franchise Agreement ("Franchise Agreement") agree as follows:

1. Sections 2.2.7 and 14.3.3 of the Franchise Agreement, entitled "Renewal," and "Conditions to Transfer," shall be amended by adding the following language at the end of those sections:

> The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Section 15.1 of the Franchise Agreement, under the heading "Default and Termination," shall be amended by adding the following language at the end of the section:

> Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Section 26.3 of the Franchise Agreement, entitled "Jurisdiction and Venue," shall be amended by adding the following language at the end of the section:

> Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Section 26.6 of the Franchise Agreement, entitled "Limitation of Claims," shall be amended by adding the following language at the end of the section:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Section 28 of the Franchise Agreement, entitled "Acknowledgements," shall be deleted in its entirety.

6. Exhibit H of the Franchise Agreement (the "Franchisee Disclosure Questionnaire") shall be supplemented by the addition of the following language:

> All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to

each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

| **PRIMOHOAGIES FRANCHISING, LLC** | **FRANCHISEE** |
|---|---|
| _____ | _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**AMENDMENT TO THE PRIMOHOAGIES FRANCHISING, LLC**
**MULTI-UNIT OPTION AGREEMENT**
**REQUIRED BY THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN., Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2013), the parties to the attached PrimoHoagies Franchising, LLC Multi-Unit Option Agreement ("Multi-Unit Option Agreement") agree as follows:

1. Section 3.3 of the Multi-Unit Option Agreement, entitled "Termination," shall be amended by adding the following language at the end of the section:

> Termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Section 4 of the Multi-Unit Option Agreement shall be amended by adding the following language at the end of the section:

> Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. Section 4.8 of the Multi-Unit Option Agreement, entitled "Limitation of Action," shall be amended by adding the following language at the end of the section:

> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of the Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

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

SIGNATURES APPEAR ON FOLLOWING PAGE

IN WITNESS WHEREOF, the parties hereto have duly executed this Maryland Amendment to the Franchise Agreement on the same date as that on which the Multi-Unit Option Agreement was executed.

| **PRIMOHOAGIES FRANCHISING, LLC** | **DEVELOPER** |
|---|---|
| _____ | _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

# NEW YORK ADDENDA

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action

brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee": You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

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

# RHODE ISLAND ADDENDA

**AMENDMENT TO THE PRIMOHOAGIES FRANCHISING, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF RHODE ISLAND**

**ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF RHODE ISLAND ARE HEREBY AMENDED AS FOLLOWS:**

1. Pursuant to the Rhode Island Franchise Investment Act, the choice of jurisdiction and venue provisions of this Franchise Agreement shall be governed by Section 19-28.1-14 of the Act.

2. Pursuant to Section 19-28.1-15 of the Act, any condition, stipulation or provision in this Franchise Agreement requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by this Act or a rule or order under this Act is void. An acknowledgment provision, disclaimer or integration clause or a provision having a similar effect in the Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate this Act or a rule or order under this Act. This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under this Act.

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

| **PRIMOHOAGIES FRANCHISING, LLC** | **FRANCHISEE** |
|---|---|
| _____ | _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

# VIRGINIA ADDENDUM

**VIRGINIA**
**ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT OPTION AGREEMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document, Franchise Agreement, and Multi-Unit Option Agreement for PrimoHoagies Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follows:

(1) Under §13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

(2) Under subsection D of §13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

(3) Under subdivision A 4 of §13.1-563 of the Virginia Retail Franchising Act, it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

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

# WISCONSIN ADDENDUM

**AMENDMENT TO THE PRIMOHOAGIES FRANCHISING, LLC**
**FRANCHISE AGREEMENT**
**REQUIRED BY THE STATE OF WISCONSIN**

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to be contrary, the Agreement shall be amended as follows:

> Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

# EXHIBIT G

## LIST OF CURRENT FRANCHISEES

(As of December 31, 2025)

| | | | | | | |
|---|---|---|---|---|---|---|
| Trevor Bates | J & E Group, LLC | 8170 South Holly Street | Centennial | CO | 80122 | (720) 542-8717 |
| Trevor Bates | J & E Group, LLC | 6200 Leetsdale Drive | Denver | CO | 80246 | (720) 353-4854 |
| Justin Tierce/Derrick George | Dutch Neck Ventures | 3501 Philadelphia Pike, Suite 1 | Claymont | DE | 19703 | (302) 798-1575 |
| Marc Adamucci | Mucci, Inc | 3616 Kirkwood Hwy | Wilmington (Kirkwood) | DE | 19808 | (302) 482-2980 |
| Affiliate | PHAC1 LLC | 211 South Main Street Suite 10 | Gainesville | FL | 32601 | (352) 247-8384 |
| Affiliate | PHAC 1 LLC | 2315 Vanderbilt Beach Rd | Naples | FL | 34109 | (239) 734-3899 |
| Affiliate | PHAC1 LLC | 1600 West Call Street Ste A Unit 104 | Tallahassee | FL | 32304 | (850) 343-4385 |
| Lisa Lacovara | Lacovara Management | 1499 SE 17th Street | Fort Lauderdale | FL | 33316 | (754) 332-2582 |
| Affiliate | PHAC 1 LLC | 8228 Oak Street | Oak Street | LA | 70118 | (504) 315-1335 |
| Jaquelyn/Louis Scarfo | Block Island Bass Company, Inc. | 1410 Memorial Drive | Chicopee | MA | 01020 | (413) 593-0120 |
| Ahsani Qureshi | DMV Phoagies, LLC | 150 American Way | Oxon Hill | MD | 20745 | (301) 800-0154 |
| Ray Mcgrath | Seven Mile Enterprize, LLC | 13209 Coastal Hwy | Ocean City, MD | MD | 21842 | (410) 250-0522 |
| Ashok Rao | KAN-RA LLC | 8736 Outlets Boulevard | Charlotte | NC | 28278 | (704) 761-4691 |
| Carolina Hurricanes | Carolina Hurricanes | 1400 Edwards Mill Road | PNC Arena | NC | 27607 | |
| Matthew Engle | JAAM Restaurants, LLC | 141 Park at North Hills St | Raleigh | NC | 27609 | (919) 917-7111 |
| Matthew Engle | Sweet WC, LLC | 121 Fayetteville Street | Raleigh | NC | 27601 | (919) 594-1899 |
| Aakash Shah | Moorestown Primos LLC | 1030 Nixon Drive | Moorestown | NJ | 08054 | (856) 242-9610 |
| Affiliate | PHAC1 LLC | 90 Route 206 N | Byram | NJ | 00774 | (973) 440-5064 |
| Affiliate | PHAC1 LLC | 1930 State Route 47 | Hackettstown | NJ | 07840 | (908) 366-4564 |
| Affiliate | PHAC1 LLC | 44 Speedwell Avenue | Morristown | NJ | 07960 | (856) 243-2197 |
| Bob Fithian | Spice Enterprises, Inc. | 700 Haddonfield Berlin Rd Ste 18 | Voorhees | NJ | 08043 | (856) 782-7790 |
| Bobby Paktis | PB&B Investments LLC | 3252 Dune Dr | Avalon | NJ | 08202 | (609) 368-8600 |
| Brandon Perozzi | Advanti Diversified, LLC | 2806 U.S. 130 | Cinnaminson | NJ | 08077 | (856) 303-9700 |
| Brandon Perozzi | Ellie James, LLC | 604 Haddon Avenue | Collingswood | NJ | 08108 | (856) 858-9700 |
| Brandon Perozzi | 24 and More LLC | 3111 Rt 38 | Mt Laurel | NJ | 08054 | (856) 235-4200 |
| Claude Gould | Supreme Foods LLC | 301 S. Main Rd Ste D2 | Vineland | NJ | 08360 | (856) 691-6100 |
| James Mentor | MCG Primo Allendale LLC | 57 West Allendale Ave | Allendale | NJ | 07401 | (201) 347-9700 |

| | | | | | | |
|---|---|---|---|---|---|---|
| James Mentor | MCG Primo Rockaway LLC | 395 Mt. Hope Ave | Rockaway | NJ | 07866 | (973) 891-1100 |
| James Mentor | MCG Primo Wayne LLC | 1160 Hamburg Turnpike #10 | Wayne | NJ | 07470 | (973) 406-7922 |
| James Rosas | Rosas Deli LLC | 29 John F Kennedy Blvd | Sea Isle City | NJ | 08243 | (609) 263-1005 |
| Jason Shevrin | JAVS Ventures LLC | 330 Rowan Blvd | Glassboro | NJ | 08028 | (856) 243-2197 |
| Joe Spaccavento | Shaolin Enterprises LLC | 320 Ridge Road | Mahwah | NJ | 07430 | (201) 962-8772 |
| John Perrotta | John John's Primo Hoagies of Hammonton, LLC | 120 South White Horse Pike | Hammonton | NJ | 08037 | (609) 567-7466 |
| John Senft | PBC Family LLC | 2222 NJ-33 | Hamilton Square | NJ | 08690 | (609) 586-0062 |
| Nicholas Papanier Jr. | Grand Turtle LLC | 380 Egg Harbor Road | Sewell | NJ | 08080 | (856) 270-2089 |
| Nicholas Papanier Jr. | Grand Eagle LLC | 581 Berlin-Crosskeys Rd | Sicklerville | NJ | 08081 | (856) 875-1099 |
| Nicholas Papanier Jr. | Grand Lion, LLC | 120 Center Square Rd | Woolwich | NJ | 08085 | (856) 241-1226 |
| Paul Franke | Yo Hoagies LLC | 141 Berkley Road Suite 7 | Clarksboro | NJ | 08020 | (856) 599-1324 |
| Paul Franke | Yo Hoagies Too, LLC | 3301 Route 9 South Unit 11 | Rio Grande | NJ | 08242 | (609) 846-7532 |
| Pauly Szewczak | Ciccozzi LLC | 1209 New Jersey Ave | North Wildwood | NJ | 08260 | (609) 522-1300 |
| Pauly Szewczak | PCS Primos LLC | 6105 New Jersey Ave | Wildwood Crest | NJ | 08260 | (609) 523-6590 |
| PHAC | PHAC1 LLC | 495 Prospect Avenue | West Orange | NJ | 07052 | (862) 930-7650 |
| Prit Patel | Hoagie Run, LLC | 151 S Black Horse Pike | Runnemede | NJ | 08078 | (856) 931-7746 |
| Ryan Rosetti | RHM Cherry Hill Inc. | 926 Haddonfield Road | Cherry Hill | NJ | 08002 | (856) 662-1010 |
| Ryan Rosetti | Rosetti Enterprises, Inc | 386 Route 70 W Ste 2 | Marlton | NJ | 08053 | (856) 983-7117 |
| Ryan Rosetti | RHM Medford, Inc | 426 Stokes Road | Medford | NJ | 08055 | (609) 953-5555 |
| Steve Konov | M.K Management Group, LLC | 3143 Fire Road | Egg Harbor | NJ | 08234 | (609) 407-6063 |
| Steve Konov | M.K Management Group, LLC | 313 E Jimmie Leeds Road | Galloway | NJ | 08205 | (609) 380-7814 |
| Steve Konov | MK Management LLC | 656 Asbury Ave | Ocean City NJ | NJ | 08226 | (609) 399-7746 |
| Tim McCoyd | McCoyd LLC | 238 Scotch Road | Ewing | NJ | 08628 | (609) 406-9000 |
| Umang Rathod | Burlington Primos Hoagi LLC | 611 W. Route 130 | Burlington City | NJ | 08016 | (609) 747-0041 |
| Steve Konov | MK Management | 271 New Road | Somers Point | NJ | 08244 | (609) 380-7814 |
| Clover Stadium | Mahwah Primo LLC | 1 Phil Tisi Way | Pomona | NY | 10970 | |
| Pete Morsdorf | P-MO Hoagies, LLC | 1337 Mt. Hope Avenue | Rochester | NY | 14620 | (585) 319-3800 |
| Rakesh Patel | GK SUB SHOP 2, LLC | 563 New Scotland Avenue | Albany | NY | 12208 | (518) 472-0593 |
| Rakesh Patel | GK Sub Shop I, LLC | 1210 Troy Schenectady Road | Latham | NY | 12110 | (518) 250-4983 |
| Aakash Shah | ARFoods PA LLC | 6602 Frankford Ave | Philadelphia, Frankford | PA | 19135 | (215) 335-1777 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Affiliate | PHAC1 LLC | 4080 Washington Road | McMurray | PA | 15317 | (724)-942-8059 |
| Affiliate | Corporate | 1528 Ritner St | Philadelphia | PA | 19145 | (215) 463-8488 |
| Affiliate | PHAC1 LLC | 1901 Smallman St | Pittsburgh | PA | 15222 | (412) 586-5355 |
| Alvi Deda | LA Hoagies LLC | 157 Lancaster Avenue | Ardmore | PA | 19003 | (610) 645-5500 |
| Aramark | Aramark | 1 Citizens Bank Way | Philadelphia | PA | 19148 | |
| Ben Valeno | Bub, Inc | 2862 Street Road | Bensalem | PA | 19020 | (267) 332-0075 |
| Bilal Hubert | BHMC Enterprises LLC | 432 Egypt Rd | Norristown | PA | 19403 | (610) 539-5284 |
| Brian Blundin/Rosetta Santo | Primroses, LLC | 700 Nutt Rd Ste 712 | Phoenixville | PA | 19468 | (610) 933-5777 |
| Bryan Crossan | BK Primo LLC | 1278 Baltimore Pike | Kennett Square | PA | 19374 | (610) 268-3842 |
| Casey Grimm | Conshohocken PrimoHoagies, LLC | 113A Ridge Pike | Conshohocken | PA | 19428 | (610) 828-3075 |
| Casey Grimm | Springfield Food Company | 272 North Keswick Ave Frnt | Glenside | PA | 19038 | (215) 887-7466 |
| Chris Szewczak | U Got It Deli | 2703 E Clearfield St | Philadelphia, Port Richmond | PA | 19134 | (215) 423-6611 |
| Craig Mignon | Filet Enterprises Inc. | 4275 County Line Road Lot 5 | Chalfont | PA | 18914 | (267) 308-8995 |
| Dan Reining | Primo Lansdale , LLC | 210 Pennbrook Parkway | Lansdale | PA | 19446 | (215) 361-2490 |
| Dave McHugh | TD McHugh Ltd | 1304 West Chester Pike | Havertown | PA | 19083 | (484) 454-3089 |
| Douglas Jenkins | D&A Ventures, LLC | 11 Paoli Plz | Paoli | PA | 19301 | (610) 644-6003 |
| Eric DiPinto | Meat Sweats, LLC | 1501 Main Street | Warrington | PA | 18976 | (215) 792-7102 |
| Gent Mema | Two Brothers2023, LLC | 24 E Lancaster Ave | Downingtown | PA | 19335 | (484) 247-3855 |
| George Lombardo | Coleeo 24, LLC | 417 E Lincoln Hwy | Exton | PA | 19341 | (484) 872-8015 |
| Jason Shevrin | JAVS Ventures LLC | 4833 West Chester Pike | Newtown Square | PA | 19073 | (484) 420-4559 |
| Jigar Patel | Jyoshiv Inc | 106B W Germantown Pike | East Norriton | PA | 19401 | (484) 684-6529 |
| Jitender Vats | Maa Enterprises LLC | 304 Market Street | Philadelphia, Old City | PA | 19106 | (267) 639-9777 |
| Joe Bickel | Steel Line Ave LLC | 526 Penn Ave | Pittsburgh | PA | 15222 | (412) 587-0950 |
| Joe Mattair | TIOLI LLC | 504 Baltimore Pike | Springfield | PA | 19064 | (610) 543-2808 |
| Judy Chong | SOS 8710 LLC | 1650 Limekiln Pike | Dresher | PA | 19025 | (215) 542-7746 |
| Judy Chong | SOS 871000 LLC | 105 Town Center Road | King of Prussia | PA | 19406 | (484) 704-7659 |
| Julie McGrody | JMCG3, LLC | 4474 William Penn Hwy (Creekside Shoppes #10) | Murrysville | PA | 15668 | (724) 519-9856 |
| Lon Grossman | Bethlehem Hoagies, LLC | 2410 Catasauqua Road | Bethlehem | PA | 18018 | (484) 895-3939 |
| Lon Grossman | Harleysville Hoagies, LLC | 345 Main Street | Harleysville | PA | 19438 | (215) 256-9300 |
| Marc Adamucci | Ucci, Inc | 3474 Concord Rd | Aston | PA | 19014 | (610) 497-1611 |
| Mark Aumen | Mr. Primo, LLC | 1004 Lititz Pike | Lititz | PA | 17543 | (717) 568-2508 |
| Michael Canterino | MCAD Enterprises LLC | 904 Chester Pike | Prospect Park | PA | 19076 | (610) 237-7466 |
| Michael Canterino | ADMC Enterprises | 1149 West Chester Pike | West Chester | PA | 19382 | (484) 266-0730 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Mike & Rachel Davis | Dickson City Hoagies LLC | 1945 Commerce Blvd | Dickson City | PA | 18519 | (570) 291-4666 |
| Mike & Rachel Davis | Edwardsville Hoagies LLC | 33B W Side Mall | Edwardsville | PA | 18704 | (570) 287-2722 |
| Mike & Rachel Davis | Pittston Hoagies LLC | 390 Highway 315 Suite 170A | Pittston | PA | 18640 | (570) 299-7433 |
| Mike & Rachel Davis | SWB Hoagies LLC | 235 Montage Mountain Road | Moosic | PA | 18507 | |
| Mike & Rachel Davis | Arena Hoagies, LLC | 395 Arena Hub Plaza | Wilkes Barre (Arena Hub) | PA | 18702 | (570) 550-0909 |
| Mike Dorrian | BIRDLAND BROTHERS INC. | 10 Old Clairton Rd | Pittsburgh | PA | 15236 | (412) 714-8246 |
| Mike Pieciuk | Pieciuk Corporation | 51 Bethlehem Pike | Philadelphia, Chestnut Hill | PA | 19118 | (267) 728-0100 |
| Mike Rich | RYCH, LLC | 400 Terry Rich Blvd | St. Clair | PA | 17970 | (570) 429-1077 |
| Mustapha Farid | Farid 212 LLC | 6 E Court St Unit B | Doylestown | PA | 18901 | (215) 340-7701 |
| Nayan Bhagat/Jinal | Craafted, LLC | 155 Pottstown Pike | Chester Springs | PA | 19425 | (610) 321-0499 |
| Nicholas Blanck | Making Sandwiches Great Again LLC | 945 Hill Ave Suite 275, Unit 9A | Wyomissing | PA | 19610 | (610) 898-4931 |
| Nicholas Papanier Jr. | Primo Coco, LLC | 128 S. 11th Street | Philadelphia, 11th Street | PA | 19107 | (215) 925-4500 |
| Nicholas Papanier Jr. | Grand Wolf LLC | 2043 Chestnut Street | Philadelphia, Chestnut Street | PA | 19103 | (215) 496-0540 |
| Niko Desilvio | Primo Hoagie Perkiomenville Inc. | 1461 N. Gravel Pike | Perkiomenville | PA | 18074 | (267) 329-8228 |
| Pat Gorham | Cookies & Soup II LLC | 2417 Welsh Rd Ste 12 | Philadelphia, Northeast | PA | 19114 | (215) 677-3888 |
| Patrick Micciulla | Micciulla Foodservices LLC | 360 N Oxford Valley Rd | Langhorne | PA | 19047 | (215) 946-2400 |
| Pauly Szewczak | Fran's Deli LLC | 1501 E Susquehanna Ave | Philadelphia, Fishtown | PA | 19125 | (215) 425-2350 |
| Preet Patel | Crave Corner LLC | 7150 Hamilton Blvd | Trexlertown | PA | 18087 | (610) 841-5999 |
| Rachel & Mike Davis | Tannersville Hoagies LLC | 2836 Rt 611 | Tannersville | PA | 18372 | (272) 271-3003 |
| Rob Szewczak | BOFL, LLC | 132 East Baltimore Ave | Media | PA | 19063 | (610) 565-7000 |
| Robert Sichelstiel (Doug Bernard) | Pennmark Management LLC | 351 West Schuykill Drive Suite A8 | Pottstown | PA | 19454 | (484) 925-0148 |
| Sean McCoyd | The PIS Group, LLC | 2100 S Eagle Rd | Newtown | PA | 18940 | (267) 728-0111 |
| Smurti Patel | OHMKUBER, Inc. | 542 Andrews Road | Trevose | PA | 19053 | (215) 357-1411 |
| Stephen Foster | Two Moose, LLC | 6024 Ridge Avenue | Philadelphia, Roxborough | PA | 19128 | (215) 487-7466 |
| Steve Kilroy | Kilroy's LLC | 1403 N Cedar Crest Blvd | Allentown | PA | 18104 | (610) 351-7100 |
| Steve Kilroy | Kilroy's 3 LLC | 2417 Butler Street | Easton | PA | 18042 | (610) 438-3009 |
| Steve Melachrinoudis | NSD Inc | 313 North York Road | Hatboro | PA | 19040 | (215) 957-5111 |
| Subaru Park | | 2501 Seaport Drive | Chester | PA | 19013 | |
| Tim Cook | DTS Hoagies | 362 West Lancaster Ave | Wayne | PA | 19087 | (610) 688-0101 |
| Tim Milligan | TPC Foods, LLC | 320 N Lewis Rd | Royersford | PA | 19468 | (610) 948-3900 |
| Trevor Vascellaro | K&T Hospitality LLC | 2085 Fruitville Pike | Lancaster | PA | 17601 | (717) 690-2951 |
| Angela Victoria | DACC Group LLC | 1753 Sea Pines Blvd Building B Unit 101 | Myrtle Beach | SC | 29577 | (843) 655-2100 |
| PHAC | PHAC | 2755 N. Hwy. 17 | Mt Pleasant | SC | 29466 | (843) 606-2636 |

| | | | | | | |
|---|---|---|---|---|---|---|
| PHAC | PHAC | 2121 N Main Street | Summerville | SC | 29483 | (843) 285-5752 |
| Athena Silver | Endeavor Interests, Inc. | 810 Pine Market Place Suite 160 | Montgomery | TX | 77316 | (936) 588-8138 |
| Laurel Parks | LM Primo Partners LLC | 6608 Highway 6 | Houston | TX | 77084 | (346) 482-1093 |
| Laurel Parks | LM Primo Partners LLC | 4015 Washington Ave | Houston | TX | 77007 | (713) 393-7925 |

## LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS BUT HAD NOT YET OPENED AS OF DECEMBER 31, 2025

| | | | | |
|---|---|---|---|---|
| Fanta Richardson | Force Legacy LLC | Dover | DE | (215) 668-2040 |
| Dante Harrington | Dapyr Enterprises, LLC | Middletown | DE | (215) 792-3997 |
| Sharad Patel | TBD | Bound Brook | NJ | (732) 763-4370 |
| Rocky Patel | GK Sub Shop 2 LLC | Albany | NY | (518) 951-6984 |
| Ashok Rao | | Charlotte | NC | (874) 689-7737 |
| Matthew Engle | Sweet WC LLC | Raleigh | NC | (919) 594-1899 |
| Maureen Grace | Th Grove/M2 JV, LLC | Philadelphia Airport | PA | (708) 409-3240 |
| Angela Victoria | DACC Group, LLC | Myrtle Beach | SC | (843) 465-1625 |
| Nicholas Blanck | Making Great Sandwiches | Wyomissing | PA | (610) 898-4931 |
| Pat McCoyd | PKM Group LLC | Bluffton | SC | (215) 808-7084 |
| Julie McGrody | JMCG3, LLC | Murrysville | PA | (724) 519-9856 |
| Pete Morsdolf | P-Mo Hoagies LLC | Rochester | NY | (585) 319-3800 |
| Naveen Patlolla | Rudvik LLC | Concord | NC | (781) 985-9500 |
| Prit Patel | Hoagie Run, LLC | Pennington | NJ | (856) 931-7746 |
| Mike Corrado | TBD | Quakertown | PA | (267) 784-7538 |
| Ravi Gill | TBD | Phillipsburg | NJ | (908) 410-3509 |
| Jaquelyn/Louis Scarfo | Block Island Bass Company, Inc. | Chicopee | MA | (413) 593-0120 |
| Justin Tierce/Derrick George | Dutch Neck Ventures | St. Georges | DE | (302) 798-1575 |

# EXHIBIT H

## LIST OF FORMER FRANCHISEES

(as of December 31, 2025, and within 10-weeks of the issuance date of this Disclosure Document)

| | | | |
|---|---|---|---|
| Trevor Bates | Centennial and Denver | CO | (720) 542-8717 |
| Robert Tunstall | Centennial | CO | (720) 542-8717 |
| Chris Maes and George Papalexandratos | Denver | CO | (720) 353-4854 |
| Keith Coloma | Naples | FL | (239) 272-3084 |
| James Janis | Stuart | FL | (772) 678-9625 |
| Jeff Beaudette | Allendale | NJ | (201) 280-6108 |
| James Mentor | Allendale and Wayne | NJ | (908) 659-8022 |
| Micheal Canerino* | Burlington City | NJ | (609) 747-0041 |
| Patricia and Russell Baab | Byrum and Morristown | NJ | (963) 440-5064 |
| Nancy Nickles | Rio Grande | NJ | (609) 846-7532 |
| Micah Missar | Ocean City | NJ | (609) 231-5007 |
| Michael Frungillo | West Orange | NJ | (862) 252-5310 |
| Katleen Rooney | Wilmington | NC | (910) 899-4065 |
| Mike Gomes | Chester Springs | PA | (610) 321-0499 |
| Dan Reining* | Conshohocken, Glenside, Trexlertown | PA | (215) 990-6808 |
| David McHugh | Havertown | PA | (484) 213-7304 |
| Michael Evans | McMurray, Penn Ave., Smallman Street, Pittsburgh | PA | (412) 758-3550 |
| Nick DaSilvio | Perkiomenville | PA | (267) 329-8228 |
| James Wright | Mt. Pleasant and Summerville | SC | (843) 606-2636 |
| Laurel Parks | Houston | TX | (541) 499-7372 |

*Multi-unit franchisees that remain in the system.

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

# EXHIBIT I

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# Franchise Operation & Administration

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# EXHIBIT J

## GENERAL RELEASE

## GENERAL RELEASE

This General Release ("Release") is made and entered into on this _____ day of _____ _____, 20___ by and between PrimoHoagies Franchising, LLC, a Delaware limited liability company with its principal place of business at 610 Ryan Avenue, Unit V4, Westville, NJ 08093 ("Franchisor") and _____ ("Franchisee").

**WITNESSETH:**

**WHEREAS**, Franchisor and Franchisee are parties to a PrimoHoagies Franchise Agreement (the "Franchise Agreement") dated _____, 20__, granting Franchisee the right to operate a PrimoHoagies restaurant under Franchisor's proprietary marks and system at the following location: _____ _____.

**NOW THEREFORE**, in consideration of the mutual covenants and conditions contained in this Release, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the parties hereto, the parties hereto agree as follows:

Franchisee, for itself and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasors"), irrevocably and absolutely releases and forever discharges Franchisor and its successors, predecessors, assigns, beneficiaries, executors, trustees, agents, representatives, employees, officers, directors, shareholders, partners, members, subsidiaries and affiliates (jointly and severally, the "Releasees"), of and from all claims, obligations, actions or causes of action (however denominated), whether in law or in equity, and whether known or unknown, present or contingent, for any injury, damage, or loss whatsoever arising from any acts or occurrences occurring as of or prior to the date of this Release relating to the Franchise Agreement, the business operated under the Franchise Agreement, and/or any other agreement between any of the Releasees and any of the Releasors. The Releasors, and each of them, also covenant not to sue or otherwise bring a claim against any of the Releasees regarding any of the claims being released under this Release.

This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**IN WITNESS WHEREOF**, the parties hereto have executed this Release as of the date first above written.

| **FRANCHISOR** | **FRANCHISEE** |
|---|---|
| By:_____ | By:_____ |
| Name: _____ | Name:_____ |
| Title:_____ | Title:_____ |

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| State | Effective Date |
|---|---|
| California | Not Registered |
| Hawaii | Not Registered |
| Illinois | Pending Registration |
| Indiana | Pending Registration |
| Maryland | Pending Registration |
| Michigan | Pending Registration |
| Minnesota | Not Registered |
| New York | Pending Registration |
| North Dakota | Not Registered |
| Rhode Island | Pending Registration |
| South Dakota | Not Registered |
| Virginia | Pending Registration |
| Washington | Not Registered |
| Wisconsin | Pending Registration |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

# EXHIBIT K

# RECEIPTS

## RECEIPT (COPY 1)

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 PrimoHoagies Franchising, LLC offers you a franchise it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale.

Under New York law, PrimoHoagies Franchising, LLC must give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If PrimoHoagies Franchising, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency listed in Exhibit A.

We authorize the agents listed in Exhibit B to receive service of process for us.

The franchise seller(s) offering this franchise is/are checked off below:

□ Nicholas Papanier Jr. and Angela Coppler, 610 Ryan Avenue, Unit V4, Westville, NJ 08093, (856) 432-2274;

□ _____

Issuance Date: April 30, 2026 (See the State Effective Dates Page for the effective date of this disclosure document in your state.)

I have received a disclosure document dated April 30, 2026, which included the following exhibits:

| | |
|---|---|
| EXHIBIT A | List of State Administrators |
| EXHIBIT B | List of Agents for Service of Process |
| EXHIBIT C | PrimoHoagies Franchise Agreement |
| EXHIBIT D | PrimoHoagies Multi-Unit Option Agreement |
| EXHIBIT E | Financial Statements |
| EXHIBIT F | State Addenda |
| EXHIBIT G | List of Current Franchisees |
| EXHIBIT H | List of Former Franchisees |
| EXHIBIT I | Table of Contents for Manual |
| EXHIBIT J | General Release |
| EXHIBIT K | Receipt |

Prospective Franchisee: _____ Dated: _____

Print Name: _____

**PLEASE SIGN AND DATE THIS PAGE AND RETAIN THIS PAGE IN YOUR POSSESSION AS PART OF YOUR RECORDS**

## RECEIPT (COPY 2)

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 PrimoHoagies Franchising, LLC offers you a franchise it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale.

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| EXHIBIT I | Table of Contents for Manual |
| EXHIBIT J | General Release |
| EXHIBIT K | Receipt |

Prospective Franchisee: _____ Dated: _____

Print Name: _____

**PLEASE REMOVE THIS PAGE, SIGN AND DATE ABOVE, AND RETURN IT TO:**
**PRIMOHOAGIES FRANCHISING, LLC**
**610 RYAN AVENUE, UNIT V4, WESTVILLE, NJ 08093**