

EXPLANATORY NOTES

The following should be considered in reviewing and determining whether to rely on these figures.

1) This financial performance representation does not include information concerning profits that may be realized in the operation of a SARPINO'S PIZZERIA restaurant. Profits in the operation of a SARPINO'S PIZZERIA restaurant will vary from franchisee to franchisee and from location to location and are dependent upon numerous factors beyond our control.

2) This financial performance representation does not include any information on expenses or costs that you are likely to incur in operating a SARPINO'S PIZZERIA restaurant, other than the above data on labor costs. In connection with the operation of SARPINO'S PIZZERIA restaurant, you will also incur food and beverage costs, occupancy costs (such as rent or mortgage payments), utilities, royalty and advertising payments to us, advertising and promotional expenses, office and administrative expenses, legal and accounting expenses, insurance expenses, computer system operation and maintenance expenses, equipment and premises maintenance expenses, taxes, reimbursement to employees for auto expense, various other general and miscellaneous expenses, debt service and owner's draw. This is not an all-inclusive list of expenses. Expenses in the operation of a SARPINO'S PIZZERIA restaurant will vary from franchisee to franchisee and from location to location and are dependent upon numerous factors beyond our control.

3) The franchised units included in the above statement of ranges of Net Sales offered substantially the same products and services that will be offered by new franchise units.

4) ~~Factors which may cause material differences in the annual net sales of franchise units include but are not necessarily limited to the following:~~

- ~~Leadership that is provided by the franchisee and store management~~
 - ~~Knowledge of the customer needs~~
 - ~~Ability to provide excellent customer experience~~
 - ~~How customers are valued by the store management~~
 - ~~Ability to create result oriented culture~~
 - ~~Being passionate about the business~~
 - ~~Being proud of every meal delivered to the customers~~
 - ~~Ability to create and maintain well motivated team~~
 - ~~Having high integrity in all circumstances~~
 - ~~Being enthusiastic about the business~~
 - ~~Do what is right, not what is expedient~~

- ~~Manner in which the franchise restaurant is operated~~
 - ~~Customer experience delivered by the operation~~
 - ~~Marketing efforts~~
 - ~~Team selection, training and motivation~~
 - ~~Level of compliance with Sarpino's standards in store operations~~
 - ~~Financial management~~
 - ~~Hours of operations~~

- ~~○ Business and Marketing Planning~~
- ~~○ Action Planning~~

- ~~Customer segments mix~~

~~5) Factors which may cause material differences in the average labor cost of franchise units include but are not necessarily limited to the following:~~

- ~~○ Hourly rates established by the franchisee~~
- ~~○ The amount of overtime worked by employees in a franchise unit~~
- ~~○ Compensation established by the franchisee for salaried employees~~
- ~~○ Employee reimbursement policies~~
- ~~○ Discretionary bonuses given by the franchisee to its employees~~
- ~~○ Whether all labor related costs are registered in the POS system by the franchisee~~

~~6) In addition to providing data for all franchised units, we have presented subsets of data by state. The reason for presenting the data in subsets by state is that there can be variation in results based on the location of the franchised unit. Factors relating to location which may cause material differences in the annual net sales of franchise units include but are not necessarily limited to the following:~~

- ~~○ Length of time the brand has been in existence in the market~~
- ~~○ The number of SARPINO'S Restaurants in the market~~
- ~~○ Local demographics, including population density and income~~
- ~~○ Competition in the market~~
- ~~○ Extent of presence and tactics of local Food Delivery Consolidators~~

~~7) Factors relating to location which may cause material differences in labor cost incurred by franchise units include but are not necessarily limited to the following:~~

- ~~○ Prevailing wage rates in the market~~
- ~~○ Unemployment rate and competition for workers in the market~~

~~8) Factors which may cause material differences in average ticket sales include but are not necessarily limited to the following:~~

- ~~○ Menu prices~~
- ~~○ Discounts~~
- ~~○ Product mix~~
- ~~○ Participation in Limited Time Offer programs~~
- ~~○ Upselling and combination of offers used.~~

~~We recommend that you conduct your own independent investigation and consult with appropriate financial, business and legal advisors in connection with the use of the financial performance representations contained in this Item 19 and in estimating the potential sales for a SARPINO'S PIZZERIA franchised restaurant.~~

Written substantiation of the data used in preparing this statement will be made available to prospective franchisees on reasonable request.

Except for the financial performance representations above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet,

however, we may provide you with the actual records of that outlet. If you receive any financial performance information or projections of your future income, you should report it to the franchisor's management by contacting David Chatkin, at 200 Tri-State International., Suite 550, Lincolnshire, IL 60069, 847-374-6300, us@sarpinos-usa.com or the Federal Trade Commission, and the appropriate state regulatory agencies.

You may obtain some general information regarding the pizza industry, including sales information, on the Internet from the 2024 Pizza Power report, PMQ's Annual Pizza Industry Analysis by going to <http://www.pmq.com/pizza-power-report-2024-introduction/>. This annual pizza industry analysis has been compiled by PMQ Pizza Magazine. PMQ can be reached at its website at www.pmq.com or at 605 Edison Street, Oxford, MS 38655 (662)234-5481.

~~This is general information on the pizza industry as a whole and it not based on the actual experience of SARPINO'S PIZZERIA restaurants. We do not represent or guarantee that your restaurant's results will be within the ranges or figures reported in the 2024 Pizza Power report. The earnings you derive from a SARPINO'S PIZZERIA Restaurant are your responsibility.~~

~~The remainder of this page has been left blank intentionally.~~