

See Exhibits to the Restaurant Franchise Agreement and the Multi-Unit Development Agreement for any State Addendum required by your state with changes to the information in the above charts.

### **Item 18**

#### **PUBLIC FIGURES**

We do not currently use any public figure to promote our Franchises.

You are not prohibited from using the name of a public figure or celebrity in your promotional efforts. However, all such advertising requires our prior approval, and you are solely responsible for all expenses.

### **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 particular location or under particular circumstances.

#### **HISTORICAL AVERAGE NET SALES OF 40 FRANCHISED UNITS**

The following is a statement of historical average Net Sales and ranges of Net Sales reached by 40 franchised SARPINO'S PIZZERIA Restaurants for the calendar year 2023. 3 franchised restaurants that were not in operation for a full 12 months in the calendar year 2023 were excluded from this statement. This information was compiled from financial reports submitted to us by the franchisees. This information has not been audited and we have not taken any steps to independently verify the accuracy of the information submitted by the franchisees.

For the calendar year 2023, the time period the 40 franchised restaurants included in the statement had been in operation as of December 31, 2023 ranged from 40 to 251 months.

We included restaurants where there was a transfer of ownership in 2023 as long as there was no interruption in operations.

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

**Net Sales** as used in this Disclosure Document means all revenue from the sale of all services and products and all other receipts of every kind and nature related to, or derived by the franchisee from operation of, the SARPINO'S PIZZERIA Restaurant, whether for cash or credit and regardless of collection in the case of credits, not including any sales taxes or other taxes collected from customers by the franchisee for transmittal to the appropriate taxing authority.

### AVERAGE NET SALES BY GEOGRAPHIC LOCATION

Location of Franchised Unit Included	# of Units Open Full Year	Average Net Sales of Franchise Units for 12 Months Ending 12/31/23	# of Units Above State Average	# of Units Below State Average	Median Net Sales of Franchise Units for 12 Months ending 12/31/23	Range of Net Sales of Franchise Units for 12 Months ending 12/31/23
ALL STATES	40	\$1,049,590.45	22	18	\$1,066,872.18	\$458,142.13 - \$1,850,748.00
FLORIDA	3	\$1,388,028.15	1	2	\$1,200,365.31	\$1,112,971.14 - \$1,850,748.00
GEORGIA	1	\$1,004,805.92	N/A	N/A	\$1,004,805.92	N/A
ILLINOIS	16	\$972,770.37	7	9	\$923,286.96	\$588,804.06 - \$1,453,365.95
IOWA	1	\$779,082.41	N/A	N/A	\$779,082.41	N/A
MISSOURI	9	\$1,234,934.28	3	6	\$1,212,483.71	\$916,538.79 - \$1,492,799.99
MINNESOTA	9	\$931,561.33	4	5	\$926,992.37	\$458,142.13 - \$1,396,646.20
TEXAS	1	\$972,858.71	N/A	N/A	\$972,858.71	N/A

### AVERAGE NET SALES BY HIGHEST AND LOWEST PERFORMERS

Franchised Units Included	# of Units in category	Average Net Sales of Franchise Units for 12 Months Ending 12/31/23	# of Units Above Stated Average	# of Units Below Stated Average	Median Net Sales of Franchise Units for 12 Months ending 12/31/23	Range of Net Sales of Franchise Units for 12 Months ending 12/31/23
ALL UNITS	40	\$1,049,590.45	22	18	\$1,066,872.18	\$458,142.13 - \$1,850,748.00
HIGHEST PERFORMERS	22	\$1,258,461.29	8	14	\$1,202,975.53	\$1,056,976.99 - \$1,850,748.00
LOWEST PERFORMERS	18	\$794,303.85	8	10	\$792,428.08	\$458,142.13 - \$1,004,805.92

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

## **HISTORICAL LABOR COSTS OF 39 FRANCHISED UNITS**

The following is a statement of historical average labor costs as a percentage of Net Sales (as defined above) experienced by 39 franchised SARPINO'S PIZZERIA Restaurants during the calendar year 2023. 3 franchised restaurants were excluded since they were not in operation for the full 12 months of the calendar year 2023. In addition, data from one restaurant was excluded in our discretion since it reported labor costs much lower than is feasible. This information was compiled from data on the point of sale system of each of the franchisees with settings established by the individual franchisees. This information has not been audited and we have not taken any steps to independently verify the accuracy of the information submitted by the franchisees.

Labor costs include wages paid to all employees registered in the POS system, but excludes payroll taxes. Any bonuses, reimbursements or salaries not registered in the POS system by a franchisee would not be included.

For the calendar year 2023, the time period the 39 franchised restaurants included in the statement had been in operation as of December 31, 2023 ranged from 40 to 243 months. We included restaurants where there was a transfer of ownership in 2023 as long as there was no interruption in operations.

**Some outlets have expended this much for labor. Your individual results may differ. There is no assurance that your costs will be the same.**

### **AVERAGE LABOR COST (AS PERCENTAGE OF NET SALES) BY GEOGRAPHIC LOCATION**

Location of Franchised Unit Included	# of Units Open Full Year	Average Labor Cost of Franchise Units for 12 Months Ending 12/31/23	# of Units Above State Average	# of Units Below State Average	Median Labor Cost of Franchise Units for 12 Months ending 12/31/23	Range of Labor Cost of Franchise Units for 12 Months ending 12/31/23
ALL STATES	39	29.26%	17	22	27.65%	21.18% - 42.93%
FLORIDA	3	28.17%	2	1	28.25%	22.92% - 31.29%
GEORGIA	1	30.63%	N/A	N/A	30.63%	N/A
ILLINOIS	16	32.25%	9	7	34%	21.68% - 38.54%
IOWA	1	42.93%	N/A	N/A	42.93%	N/A
MISSOURI	9	26.15%	4	4	26.74%	21.95% - 27.65%
MINNESOTA	8	27.73%	4	4	27.56%	23.63% - 31.91%
TEXAS	1	21.18%	N/A	N/A	21.18%	N/A

**AVERAGE LABOR COST (AS PERCENTAGE OF NET SALES)  
BY HIGHEST AND LOWEST PERFORMERS**

<b>Franchised Units Included</b>	<b># of Units in category</b>	<b>Average Labor Cost of Franchise Units for 12 Months Ending 12/31/23</b>	<b># of Units Above Stated Average</b>	<b># of Units Below Stated Average</b>	<b>Median Labor Cost of Franchise Units for 12 Months ending 12/31/23</b>	<b>Range of Labor Cost of Franchise Units for 12 Months ending 12/31/23</b>
ALL UNITS	39	29.26%	17	22	27.56%	21.18% - 42.93%
HIGHEST PERFORMERS	19	25.2%	11	8	25.66%	21.18% - 27.51%
LOWEST PERFORMERS	20	33.12%	10	10	33.46%	27.65% - 42.93%

**HISTORICAL AVERAGE TICKET SALES OF 40 FRANCHISED UNITS**

The following is a statement of historical average Ticket Sales and ranges of Ticket Sales reached by 40 franchised SARPinO'S PIZZERIA Restaurants for the calendar year 2023. 3 franchised restaurants that were not in operation for a full 12 months in the calendar year 2023 were excluded from this statement. This information was compiled from the point of sale system used by each of the franchisees. This information has not been audited and we have not taken any steps to independently verify the accuracy of the information submitted by the franchisees.

For the calendar year 2023, the time period the 40 franchised restaurants included in the statement had been in operation as of December 31, 2023 ranged from 40 to 251 months. We included restaurants where there was a transfer of ownership in 2023 as long as there was no interruption in operations.

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

***Ticket Sales*** as used in this Disclosure Document means all revenue from one sale to one customer as recorded on the point of sale system, and does not include any applicable sales or other taxes collected from customers by the franchisee for transmittal to the appropriate taxing authority.

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

### NET AVERAGE TICKET BY GEOGRAPHIC LOCATION

Location of Franchised Unit Included	# of Units Open Full Year	Net Average Ticket of Franchise Units for 12 Months Ending 12/31/23	# of Units Above State Average	# of Units Below State Average	Media Net Average Ticket of Franchise Units for 12 Months ending 12/31/23	Range of Net Average Ticket of Franchise Units for 12 Months ending 12/31/23
ALL STATES	40	\$30.56	25	15	\$30.91	\$20.28 - \$44.22
FLORIDA	3	\$30.20	2	1	\$30.75	\$28.70 - \$30.81
GEORGIA	1	\$20.28	N/A	N/A	\$20.28	N/A
ILLINOIS	16	\$30.06	10	6	\$30.67	\$26.71 - \$33.44
IOWA	1	\$29.90	N/A	N/A	\$29.90	N/A
MISSOURI	9	\$31.21	4	5	\$31.01	\$29.28 - \$33.30
MINNESOTA	9	\$33.32	4	5	\$32.57	\$30.09 - \$44.22
TEXAS	1	\$28.17	N/A	N/A	\$28.17	N/A

### NET AVERAGE TICKET BY HIGHEST AND LOWEST PERFORMERS

Franchised Units Included	# of Units in category	Net Average Ticket of Franchise Units for 12 Months ending 12/31/23	# of Units Above Stated Average	# of Units Below Stated Average	Median Net Average Ticket of Franchise Units for 12 Months ending 12/31/23	Range of Net Average Ticket of Franchise Units for 12 Months ending 12/31/23
ALL UNITS	40	\$30.56	25	15	\$30.91	\$20.28 - \$44.22
HIGHEST PERFORMERS	20	\$32.84	6	14	\$32.24	\$30.95 - \$44.22
LOWEST PERFORMERS	20	\$28.84	12	8	\$29.84	\$20.28 - \$30.87

## **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](http://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.*

## **Item 20**

### **OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

#### **Systemwide Restaurant Franchise Outlet Summary For years ended December 31, 2021, 2022 and 2023**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	47	45	-2
	2022	45	43	-2
	2023	43	43	0
Affiliate- Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	47	45	-2
	2022	45	43	-2
	2023	43	43	0

Table No. 2

#### **Transfers of Restaurant Franchises from Franchisees to New Owners (other than the Franchisor) For years ending December 31, 2021, 2022 and 2023**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
IL	2021	2
	2022	0
	2023	0
MN	2021	3
	2022	1
	2023	1
FL	2021	0
	2022	3
	2023	0
Totals	2021	5
	2022	4
	2023	1