

Name of Fee	Amount	Due Date	Remarks
Enforcement Costs	All costs including reasonable accounting and attorney's fees	On demand	You will reimburse us for all costs we incur in enforcing your obligations.
<p>Note 1: The Royalty Fee is determined on a case-by-case basis, depending on a variety of factors. Franchisees must pay an initial franchise fee of at least \$25,000 to be eligible for a 5% royalty fee. Other factors that Sbarro considers in determining the royalty fee include, but are not limited to, the number of units the franchisee is purchasing, whether the franchisee is new to the system or an existing franchisee, and the franchisee's prior business experience in operating restaurants similar to Sbarro Restaurants. If we, in our discretion, enter into a Development Agreement with you, we may, in our discretion, reduce the amount of royalty fees for Sbarro Restaurants developed under such arrangement to less than 5% of Gross Revenues as further discussed in Item 5 and Item 12.</p>			
<p>Note 2: The cost to maintain and update the POS/Computer System is estimated to be approximately \$200 to \$500 per month (\$2,400 to \$6,000 annually) for a multi-year agreement.</p>			
<p>Note 3: Franchisees are offered the opportunity to participate in an "on-line" food ordering program through Olo, Inc., a Delaware Corporation, for customers to order food on-line from a Restaurant. Franchisees are not required to participate but are strongly urged to do so.</p>			
<p>Note 4: If the discrepancy is 5% or more, you must reimburse Sbarro for all costs associated with the audit (including compensation for an independent accountant and Sbarro employees, and their respective travel expenses, room and board).</p>			

Unless otherwise indicated above, all of the fees listed are imposed by, payable to and collected by Sbarro, are non-refundable, and are uniformly imposed.

Item 7 ESTIMATED INITIAL INVESTMENT

Franchise for a New Sbarro Restaurant – Single Unit

Type of Expenditure	Traditional Location	Non-Traditional Location	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (See Note 1) (See Note 2)	\$30,000	\$30,000	Lump Sum	On signing the agreement	Sbarro
Lease (See Note 3)	\$10,000 to \$50,000	8% of sales to \$100,000	As arranged	On signing the lease	Landlord
Leasehold Improvements (See Note 4)	\$50,000 to \$450,000	\$50,000 to \$450,000	As arranged	As incurred	Contractors and suppliers
Purchase of Initial Equipment Package (See Note 5)	\$50,000 to \$200,000	\$50,000 to \$200,000	As arranged	Before opening, on ordering the equipment	Contractors and suppliers
POS/Computer System (See Note 6)	\$3,000 to \$20,000	\$3,000 to \$20,000	As arranged	As arranged	Suppliers
Permits & Licenses	\$2,000 to \$5,000	\$250 to \$5,000	As arranged	As incurred	Governmental authorities
Outside Signs Or Menuboard	\$10,000 to \$25,000	\$20,000 to \$50,000	As arranged	Before order is placed	Suppliers
Insurance Package (See Note 7)	\$1,200 to \$2,500	\$1,200 to \$2,500	As arranged	Before opening	Insurers
Opening Inventory & Supplies	\$16,000	\$16,000	As arranged	Within 1 week of opening	Suppliers
Training Expenses (See Note 8)	\$7,000 to \$15,000	\$7,000 to \$15,000	As arranged	During training	Food, lodging and transportation providers.
Utility Installations & Deposits (See Note 9)	\$200 to \$2,000	\$200 to \$2,000	As arranged	As incurred	Suppliers

Type of Expenditure	Traditional Location	Non-Traditional Location	Method of Payment	When Due	To Whom Payment is to be Made
Architectural Fees	\$15,000 to \$25,000	\$15,000-\$25,000	Lump sum or as arranged	Lump sum or as incurred	Architect
Project Design and Vendor Coordination (See Note 10)	\$0 to \$10,500	\$0-\$10,500	As arranged	As incurred	Sbarro
Legal & Accounting	\$2,500 to \$5,000	\$2,500 to \$5,000	As arranged	Before opening	Service providers
Additional Funds (1 to 3 months) (See Note 11)	\$10,000 to \$15,000	\$10,000 to \$15,000	As arranged	As incurred	Various third parties
Totals	\$206,900 to \$871,000	\$310,150 plus gross sales to \$946,000			

Note 1: Please refer to Item 5, Subsection II(A), for details about the initial franchise fee and the circumstances under which it may be refundable, less our expenses, estimated to range between \$1,000 and \$10,000. We will credit any due diligence fee you pay to us (no such due diligence fees were charged in 2021) towards the initial franchise fee. As discussed in Item 5, Subsection III, the initial franchise fee may be reduced if we, in our discretion, enter into a Development Agreement with you.

Note 2: As discussed in Items 5 and 12, if we, in our discretion, decide to enter into a Development Agreement with you, you will pay us an initial nonrefundable development fee, which is further discussed in a later chart in this Item 7.

Note 3: This estimate includes three months' rent for leasing the premises of the Sbarro Restaurant, plus one month's rent as security deposit, if applicable. These figures assume that the Sbarro Restaurant will occupy approximately 1000 – 2200 square feet for an "in-line" location, and approximately 750 square feet for a "food court" location. If Sbarro LLC or an Affiliate paid a security deposit to the landlord under the existing lease, you also must pay to Sbarro LLC a security deposit in the same amount (estimated to be between \$0 and \$10,000.) Nearly every Franchisee leases the Sbarro Restaurant premises, and we do not have information about the cost of Franchisee's acquiring real property and constructing a Sbarro Restaurant.

Note 4: Generally includes heating, plumbing, ventilation and air conditioning facilities, flooring, ceilings, walls, decor and all other interior requirements to make the location ready for the installation of restaurant equipment and fixtures. These figures assume that the Sbarro Restaurant will occupy approximately 1000 – 2200 square feet for an "in-line" location, and approximately 750 square feet for a "food court" location. The estimated cost of leasehold improvements will vary with the size and the condition of the leased premises. As a "rule of thumb", the estimated cost of leasehold improvements for (a) an "in-line" location will range from \$60 to \$180 per square foot of space leased, (b) a "food court" location will range from \$150 to \$400 per square foot of space leased.

Note 5: This estimate includes the costs of purchasing the necessary furniture, fixtures, millwork counters, equipment, beverage systems, and related items for your Sbarro Restaurant.