



FRANCHISE INFORMATION REPORT



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What is a Togo's Franchise?

The premium sandwich franchise sets itself apart thanks to West Coast-inspired flavors, convenient ordering options like delivery and self-service kiosks, an improved Speed Line kitchen system that improves the efficiency of food preparation, a new line of craveable hot sandwiches and a modern rebrand as fresh as its ingredients.

Togo's is a West Coast original and standout player in the fast-casual sandwich segment. With an emphasis on quality ingredients, efficient service and convenient ordering options, Togo's is the go-to sandwich shop for today's consumer. Craveable creations, generous portions and hold the delay—that's the Togo's promise. With our roots firmly established in California, we are now working to bring Togo's goodness to markets

nationwide, currently expanding in the western U.S. with over 200 locations open or in development.

Craveable Creations, Extra Flavor, Hold the Delay

One reason guests love Togo's is our commitment to big flavors and lots of them! Our 6-inch sandwiches have more choice-cut meat than most competitors put on a sandwich twice as long. We also use fresh, high-quality ingredients—including artisan breads, Haas avocados that we mash daily (to the tune of almost 3 million avocados a year) and fresh veggies. Our famous pastrami is slow-roasted with a special blend of seasonings to create a no-holds-barred flavor sensation. Is it a little more expensive than what is usually used to make your typical pastrami? Yes. Do guests love it? Goodness, yes.

Our food costs a little more, but we provide great value by serving meals that keep our guests satisfied in ways competitors cannot. There's no better marketing than a guest who walks out the door impressed and brings a crowd of friends with them the next day.



The Togo's Story

For generations, Togo's sandwich franchises have been delighting guests with a laid-back approach to a best-in-class sandwich.

Togo's was started in San Jose in 1971 by a young college student with a big appetite and a little money. He bought a small sandwich shack near San Jose State University. The tiny building, constructed in 1919, gave Togo's its name. Our San Jose flagship barely had any room for guests, and only four guests could fit in the waiting area, so all the sandwiches were sold "to-go." The building may have been small but the sandwiches were big, inspiring a fanbase with a healthy appetite for Togo's West Coast flavors. Soon, lines for a

tasty Togo's sandwich were well out the door. Before long, happy guests and entrepreneurs were clamoring to partner and open their own Togo's locations. A second restaurant opened in 1974 in downtown San Jose and franchising began in the late 1970s. Togo's fandom quickly spread beyond San Jose and throughout California. Togo's began franchising in the late 1970s and has developed a loyal fan base that continues to grow—over 100 million pastrami sandwiches have been sold since 1971.

The Future of Togo's Sandwich Franchise

Togo's has a strong fan base in California and a team of restaurant industry experts that is working to expand the brand's footprint, outward from the Golden State and beyond.

Our brand is well-known in the West, thanks to our piled-high sandwiches and efficient service. Quality is a hallmark of the Togo's experience, and it's one of the reasons we continue to win new guests and enjoy the loyalty of longtime patrons.

Now is the perfect time to buy a Togo's franchise location because of how seamlessly our offering aligns with modern-day demand. Today's consumer looks for fresh ingredients, big flavors and the option to customize their creation. Piled-high sandwiches, with fresh, quality ingredients, custom-built for each guest...That sounds a lot like Togo's, doesn't it?





What Makes Togo's Different?

What sets Togo's apart for guests?

Officially launching in April 2019, Togo's 3.0 took the brand's uncompromising commitment to bold flavors and translated it into a brand refresh that meets the modern consumer where they live. The Togo's 3.0 initiative involves: 1. Renovated restaurants with a new color scheme and modernized look and feel; 2. Self-serve ordering kiosks and third-party delivery partnerships for consumer convenience; 3. New "Speed Line" kitchen system (comprising an assembly line-style operation for making sandwiches, which speeds the order up and improves labor efficiency). These three important differentiators, combined with the one that has always set Togo's apart from the competition—fresh and flavorful sandwiches made from quality ingredients—make Togo's the clear choice in the sandwich segment.

Big Sandwiches, Even Bigger Flavor

Togo's sets itself apart from other sub franchises by offering big sandwiches with even bigger flavor. A typical Togo's sandwich is stuffed with meats and cheeses, giving our sandwiches a high protein content that satisfies even the biggest appetites. The generous portions translate to a sandwich that is savory, flavor-packed and juicy—just like our guests like them.



We also use top-tier fresh ingredients that burst with flavor. For instance, our premium pastrami is made using sirloin tip, a cut of meat that is renowned for its leanness, beefy flavor and our own blend of proprietary spices. Does it cost a little extra? Yes. Do guests notice the difference and love us for it? Goodness, yes.

We're picky about our ingredients—whether we're talking about premium pastrami, fresh Haas avocados smashed daily in the kitchen, low-sodium turkey breast, all-natural chicken without antibiotics or preservatives or artisan bread. The quality of our ingredients and the flavor they impart are some of the reasons guests are so picky about getting their sandwiches at Togo's. They know they'll be eating something special and they're willing to pay a little more for that quality.

"When you go to other fast food establishments you don't know how your food is being made in the back...If they dropped something, you can't see it. If they're not changing gloves, you have no idea. **With our model, everything happens right in front of you.**"

- Givo Ishaya, Franchisee



A Modern Look and Feel

To date we have rebranded locations open in Emeryville, Fremont, two in San Jose, and Hollister, and we have new 3.0 locations open in Watsonville and Salinas. During this time, the Emeryville Togo's has seen a 20% increase in same-store sales. All four stores experienced double-digit increases in sales since the renovations—all without remarketing efforts.

The rebranded stores now utilize more white lighting sources throughout the restaurant, plus brighter flooring to evoke a clean and welcoming atmosphere. The walls sport a coat of crisp white paint with bright orange accents. Pops of bright blue tile break up the orange patterning along the wall and the elevated colors are absolutely striking to the eye. We have a robust pipeline of new development and planned rebranding renovations to add several more 3.0 locations in 2020 and 2021.

Self-Serve Ordering Kiosks and Third-Party Delivery

We know that guests are on-the-move and always looking to grab a delicious and filling sandwich option without missing a step. Thanks to the ongoing rollout of self-service ordering kiosks at strategic Togo's locations, plus our partnership with third-party delivery

provider DoorDash and other partners, our fans can satisfy their craving for big flavor in the most convenient way possible.

Speed Line Kitchen System

Since Togo's promise is to deliver craveable creations with extra flavor, hold the delay, we've also implemented a streamlined Speed Line operating system in our kitchen. That means faster delivery to the customer with less labor needed for the owner. Talk about the right ingredients for success.

Togo's 3.0: Premium Fast-Casual for the Modern Consumer

"In 2019, being a leader in the restaurant business means offering unparalleled quality, top-tier value and no-fuss convenience," says Togo's CEO Glenn Lunde. "Togo's commitment to quality ingredients and made-to-order freshness has made us a longstanding, respected brand over the course of our nearly 50 years of operation. We're delivering on that consumer trust with the introduction of our self-serve ordering kiosks, Speed Line kitchen operations and innovative offerings like our new line of hot sandwiches. There's no one else in the category serving up the outstanding guest experience that Togo's does, time and again."



What Are My Startup Costs?

Togo's franchise cost starts at \$216,500

The startup costs for a Togo's range from \$216,500 to \$451,500, with typical costs falling in between. The initial investment depends primarily upon the number of restaurants you build, their size, their configuration, their location, who develops the real estate for and/or constructs them, and the amount and terms of financing.

On the next page is a breakdown of the startup costs for a single location, taken from Item 7 of our 2019 Franchise Disclosure Document. Startup costs vary—your actual costs will range depending on your location, cost of real estate and size of your space. These startup costs are discussed further in our Franchise Disclosure Document, which you will receive during our mutual evaluation process as you learn more about Togo's.





ITEM 7

Your Estimated Initial Investment | Single Restaurant

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (Note 2)	\$15,000 to \$30,000	Lump Sum	Within 48 hours after signing Franchise Agreement	Us
Leasehold Improvements (Note 3)	\$93,000 to \$189,000	Lump Sum or Financed	Before Opening	Third Parties (your Landlord and/or Contractor)
Real Estate/Rental Deposit (Note 4)	\$3,200 to \$8,000	As Agreed	As Incurred	Landlord
Equipment, Fixtures and Furniture (Note 5)	\$52,500 to \$103,000	Lump Sum or Financed	Ad Incurred, Before Opening	Approved Suppliers
Signage (Note 6)	\$5,000 to \$7,000	As Agreed	As Incurred	Approved Suppliers
Architectural Fee	\$10,000 to \$15,000	As Agreed	As Incurred	Approved Suppliers
Point of Sale (POS) System (Note 7)	\$5,500 to \$6,500	Lump Sum or Financed	As Incurred, Before Installation	Approved Supplier
Other Computer Equipment (Note 8)	\$1,800 to \$8,000	As Agreed	As Incurred	Approved Suppliers
Opening Inventory (Note 9)	\$5,000 to \$11,000	Lump Sum	Before Opening	Approved Suppliers
Miscellaneous Opening Costs (Note 10)	\$2,800 to \$16,000	Lump Sum	As Incurred	Suppliers, Utilities, Employees, Etc.
Uniforms	\$500 to \$1,500	Lump Sum	Before Opening	Approved Supplier
Insurance (Note 11)	\$700 to \$15,000	Lump Sum or Monthly Payment	As Incurred	Insurance Company/ Agent
Travel and Living Expenses While Training (Note 12)	\$0 to \$6,000	As Agreed	As Incurred, During Training	Airlines, Rental Car Agencies, Restaurants, Hotels, Etc.
Grand Opening Marketing Expenditures (Note 13)	\$7,500	Lump Sum	Before Opening or within 6 months of opening	Third parties (agencies, stations, publications, vendors)
Additional Funds for First 3 Months of Operation (Note 14)	\$14,000 to \$28,000	As Agreed	Monthly and As Incurred	Us, Third Parties and Employees
TOTALS (Note 15)	\$216,500 - \$451,500			



Togo's Comes Out of 2020 Stronger Than Ever

The California-based sandwich franchise conquered a challenging year with a refreshing new restaurant model and a renewed commitment to its people and guests.

2020 was a year of innovation and renewed commitment to success and customer satisfaction for Togo's.

The West Coast-originated, fresh-and-meaty sandwich concept has grown to nearly 200 locations since its founding in 1971. And despite the challenges the pandemic presented the restaurant industry as a whole, Togo's managed to grow that number and add to its family of franchisees, opening 2 new locations and signing 14 new agreements, including a deal to open its first location in Nevada.

"Even with the challenges of COVID-19, Togo's managed to have an impressive year in 2020," said John Dyer, Director of Franchise sales and Real Estate for the brand. "Our newest franchisees saw the way we adapted the concept and recognized the strength behind our brand. They are optimistic about the future, and so are we. We're positioned to really do well in this new normal."

Like most restaurants in the industry, Togo's faced initial setbacks due to the global pandemic. In April, the brand lost nearly all of its regular catering business when the working world moved out of the office and large gatherings came to a halt, causing a 45% decrease in sales. But that didn't keep the brand from moving forward. In fact, Togo's bounced back to see sales down only 4% in Q4 of 2020.

"It was certainly a rough start," Dyer continued. "But we came together as a brand and committed ourselves to finding a solution that would not only keep the brand running as close to normal as possible, but would keep our franchisees open, operating and profitable. We've since turned our losses around and ended the year flat. When you consider that catering was almost a complete loss, that's pretty impressive."

It took a lot of creative thinking and commitment from Togo's support center team and franchisees alike to navigate new consumer needs. "The consumer behavior transformed overnight as off site sales from online orders and third-party delivery doubled to nearly 30% of sales," said Farid Biglari, Senior Director of Operations at Togo's. "Fortunately, our new Speedline operating model was built for the offsite business, so our stores were able to easily handle the dramatic increase. We quickly supported our franchisees with enhanced operating systems to best handle connecting with customers through online ordering for takeout and curbside pickup, in addition to third-party delivery services."

All while holding strong to its honest-to-goodness roots, the fast-casual brand spent the last year continuing to revamp and remodel its restaurants with its Togo's 3.0 model. The innovative new look and design not only streamlined the sandwich-making process, it put an emphasis on making off-premise service much quicker and efficient as well — an add that's proven to be incredibly valuable during the pandemic.



“We’ve analyzed everything from product offerings to vendor partnerships to technology to restaurant layout, and we feel great about where Togo’s is headed in relation to the new normal,” said Biglari. “The landscape of the industry will be very different coming out of COVID-19, and we’ve been working hard to ensure that our restaurants are cost-effective for franchisees and create an unmatched experience for our guests.”

Dyer is confident the brand will push forward on its momentous journey upward in 2021. With deals already signed to expand outside of California with locations in Nevada, Togo’s is focused on expanding in key markets across Arizona, California, Colorado, Idaho, Nevada, New Mexico, Oregon, Texas, Utah and Washington this year.

“After a year like 2020, Togo’s has nowhere to go but up. With all we’ve learned, I look forward to all of the opportunities that will

present themselves in 2021 — especially as more and more real estate starts to open up. We’re expecting a banner year,” said Dyer.

The current initial investment for Togo’s franchise ranges from \$216,500 to \$451,500, which includes a \$15,000 to \$30,000 franchise fee. For more information, visit <https://www.togos.com/franchising>.



How Much Can I Make?

Togo's Has Higher Average Sales Than Most Sandwich Franchises, As Reported In Its FDD

Togo's has above-average sales in the sandwich franchise segment of the restaurant industry and our support team works extensively with franchisees to help them control costs and boost bottom-line performance. There are hundreds of small changes that translate to big returns; for instance, using slicing and prep charts to ensure fresh products while maintaining costs, or monitoring labor through the reporting systems to make the best deployment decisions. These are only two small examples; our field support team regularly helps franchisees analyze their businesses to find opportunities for cost saving.

Average Annual Gross Sales

Presenting an accurate picture of sales reporting is important to us. Due to the COVID 19 impact on businesses, our sales reporting statistics and explanations to provide context are available in our current FDD. Please request a copy of our FDD to be able to review the comprehensive information provided there.

How Much of the Revenue Becomes Profit?

Togo's cannot project profits for individual sandwich franchise owners because of the myriad factors that are involved in running a successful business. A strong operator can reduce their average cost of goods and labor by managing their business and franchisees may choose to spend extra on marketing to drive growth.



Can I Scale a Togo's Franchise?

The Sandwich Franchise Opportunity: Built For Expansion

We've designed the operation of a Togo's to be scalable; an operator who opens a second, third, or fourth location can spread overhead costs across several restaurants. This increases the net profit margin and can stabilize performance, because overall performance is not tied to any single location.

Although loyal guests will drive out of their way to visit a Togo's, a typical trade area

is two to three miles. Adding locations allows you to reach more guests and thus increase market share. Proximity also means convenience, so more locations equals more frequent visits and more top-of-mind brand awareness. Sandwiches are a fast and easy meal option and the more Togo's there are in a market, the faster you can grow as each location builds word-of-mouth.

Support Plans Designed to Help You Meet Your Goals

Togo's support team meets with franchisees prior to opening and throughout the year to discuss their goals for the future. We work with our owners to design a business plan tailored to their goals. We're not only committed to fresh ingredients—we're committed to providing the right ingredients for success.

For someone who wants to open several restaurants, we discuss developing a management structure to oversee multiple locations, how to structure expenses to adjust for additional management overhead and how to maintain excellence when you cannot be in each restaurant every day. For an ambitious new franchisee who wants to open several locations in their first few years, we'll help design a roadmap of what operations should look like on day one, and how they will need to evolve as they grow to add that second, third or 10th location.

For single-unit franchisees, growth often means growing income. We work with our single-unit owners to find ways to raise topline revenue through marketing initiatives and building partnerships in the community. We also help them to improve the bottom line—offering coaching on holding down expenses, providing on-site management, reducing labor needs and improving training and operations to not only reduce costs, but to also boost morale and lower turnover.



How Do I Get Customers?

Togo's Offers Guided Marketing Support to Franchisees

Sandwiches have become an increasingly popular choice! According to Technomic's 2018 Sandwich Consumer Trend Report, 61% of consumers eat at least one sandwich every week! Togo's has a huge fan following and loyal customers meet or exceed the national sandwich trend. Togo's knows the importance of building a solid customer base before our franchise owners even open their doors, and our first-rate marketing program is designed to help our owners thrive in their markets.

We have developed a proven model to attract guests to our restaurants, no matter where our restaurants are opening. Once you sign on as a Togo's franchisee, we provide you the tools to ensure that your grand opening makes a huge splash in your community.

Grand-Opening Plan

As popular as sandwiches are with consumers everywhere, we recognize the importance of making your Togo's a big hit with your market right away. To do this, our grand opening planning process starts about three months before the opening of your new restaurant. A brand manager will work with the franchisee to customize a grand opening plan using a proven marketing template that includes a variety of options to target guests.

From there, you can work with Togo's local store marketing agency to develop a customized ongoing marketing plan based on your territory's traffic.



Media planning and local store marketing agencies provide further tailored support. While Togo's doesn't oversee all marketing initiatives for a given location, we take care to connect our franchisees with the relevant parties and facilitate materials development.

Building Catering Sales

Togo's franchise owners need to cultivate the catering aspect of their business because it adds an important secondary revenue stream. To optimize the catering capacity of the Togo's model, we encourage our owners to reach out to local businesses and organizations. We encourage them to drop in on local businesses with menus and free sandwiches. In addition, Togo's maintains partnerships with third-party delivery companies to generate catering sales. We wholeheartedly believe that once people try our high-quality sandwiches, the taste and convenience will bring them back.



Ongoing Marketing Efforts

Every Togo's franchise owner has access to an extensive library of editable and print-ready marketing materials through Togo's intranet portal as well as through the MyTogosMarketing website where the franchise owner can review and request creative and materials.

We use a range of tools to reach guests and keep them coming back, including TV and radio commercials, online digital and social media, direct mail, email marketing, freestanding inserts and in-store promotional materials delivered at the point of purchase. We also encourage franchisees to engage with their communities by using Togo's as a platform for fundraisers; by rewarding local students excelling academically or athletically; and by building community partnerships.

We also leverage Togo's Rewards, a loyalty program where we employ various email strategies. Loyal Togo's Rewards members visit each week, and we send weekly communications about current promotional campaigns, catering and online ordering. The Rewards program is an opportunity for our store owners to build a local Rewards Member database to receive brand and local news.

Brand Promotions

Each year, we offer five to six brand promotions which include new products, limited-time offers (LTOs) and gift cards. Local store marketing which supports opt-in programs and materials are available to franchisees interested in building off brand promotions at their location(s).

Off-Site Sales and Delivery

Because Togo's is committed to meeting the modern consumer where they are, we are proud to offer online ordering through our mobile-optimized website or Togo's app. We also engage in third-party delivery partnerships in the interest of guest convenience.

Digital and Social Marketing

We know that it takes a lot of time, talent and focus to run a tasty Togo's franchise location, so we've taken the guesswork out of social media. Our digital specialists regularly post Instagram and Facebook posts focused on promotions and brand news. Local Facebook pages also update at the same time. A Togo's franchisee just has to like and share the news!



How Good Is Togo's Training and Support?

Togo's Offers Extensive Training and Robust Ongoing Support

As you research franchise opportunities, you should take the time to talk to existing franchisees. One thing you should always ask them is how well they are supported by their franchisor: Did they get thorough training before they launched their businesses? How did they feel about their grand opening? If they have been in business for a while, do they still have good communication and plenty of support from headquarters? Some young franchise systems struggle to support their franchisees. Larger franchise systems can grow so much that the management team becomes hard to connect with. Togo's occupies a sweet spot. We have been in business since 1971 and we remain a tight-knit organization. We have had time to develop robust operational systems and we have invested in an expert field support team that is larger than you might expect from an organization our size. That allows us to give frequent, personal attention to each of our franchisees.

Initial Training

When you sign a deal to become a Togo's sandwich franchise owner, you and/or your designated manager will be enrolled in an extensive training program that covers all aspects of restaurant operations—from running the day-to-day business to tapping our proven marketing expertise.

We provide our franchisees three weeks of on-the-job operations training at a Togo's restaurant, wherein we cover how to make sandwiches, food safety, systems for overseeing and managing your business, managing inventory and using the point-of-sale (POS) system.

Additionally, the training includes three days of business workshops, covering leadership skills, recruiting the right people, business operations, excellent guest service, marketing and Togo's financial basics. The program also includes two days of technology training where franchisees learn the important role technology plays in Togo's operations, and how to utilize that technology to drive sales and manage data. All classroom training takes place at our headquarters in San Jose.



Coaching and Support To Help You Meet Your Goals

Franchise Business Coaches (FBCs) and Field Operations Specialists (FOS) conduct comprehensive assessments called the Restaurant Excellence Visit (REV) on each location at least twice per year. The objective is to Clarify, Train, Monitor and Enforce our High Standards to ensure that Togo's is always "True to the Sandwich."

In conjunction with the support team, the FBC works with the franchise owner to develop a customized plan that will help the owner to achieve their goals. This plan provides focus in the follow key areas:

- Staffing, Recruiting and People Development
- Systems
- Guest Service and Complain Resolution
- Marketing
- Leadership
- Financial

Franchisees are provided opportunities to communicate with executive leaders and share best practices at quarterly Town Hall Meetings and at the annual Franchise Convention.

Franchise Business Coaches schedule FBC meet-ups bi-monthly to review P&Ls, Marketing Plans and REV performance in small group settings that enable more experienced franchisees to share successes with newer operators and for newer operators to share current ideas.

We work diligently with our single-unit owners to find ways to raise topline revenue through marketing initiatives and building partnerships in the community. We also help them to improve the bottom line—offering coaching on reducing expenses, providing on-site management, reducing labor needs and improving training and operations to not only reduce costs, but to also boost morale and lower turnover.

For an ambitious new franchisee who wants to open several locations in their first few years, we'll help design a roadmap of what operations should look like on Day One, and how they will need to evolve as they grow to add that second, third or 10th location.

We're not only committed to fresh ingredients—we're committed to providing the right ingredients for success.



How Do I Find a Good Location?

Togo's Can Help You Find Locations, Negotiate Leases and Traverse Build-Out

Sourcing and securing a great site for your Togo's restaurant is the foundation on which your successful Togo's business will rest. That's why we provide industry-leading support throughout the site selection process.

Identifying Areas for Your Restaurant

After meeting with a new franchisee to learn about expectations, Togo's will assist the franchisee in selecting a commercial real estate broker that specializes in the targeted market and set up a weekly call to review potential sites. Togo's works with the franchisee and the broker to survey the market- studying demographics in the territory and reviewing the competitive environment to identify potential shortcomings. A typical Togo's restaurant is 1,200 to 1,800 square feet. The ideal size varies based on the characteristics of the local market.

Picking a Location and Negotiating a Lease

After potential locations are identified, hop in the car and go visit in-person. Are they easy to find? Is it easy to pull into the lot or will awkward traffic flow send potential guests looking for another option? Is the building and shopping center in good condition? How about the surrounding neighborhood? Is the landscaping nice? Is this the sort of place you would want to stop in to grab a sandwich and relax with your friends? Is it convenient for guests who are looking to grab a sandwich and go?

Togo's will review the proposed location and will advise on the suitability of the site based on our decades of experience.

If everything looks good, it's time for a letter of intent, which lays out expectations and contingencies and can help clarify any details that need to be negotiated. Our Director of Franchise Development and Real Estate will provide guidance to your broker in negotiating the lease terms; highlighting text that should be reviewed by legal, insurance and construction teams; reviewing tenant responsibilities; and providing a revised contract to the landlord for final negotiations.

Construction

Once you've secured your site, the construction phase can begin. Our construction team will coordinate the step-by-step process of opening your restaurant and will provide guidance in selecting a general contractor, securing equipment and monitoring the build-out of your Togo's to our specifications.



What Are the Qualifications for a Togo's Franchise Owner?

Togo's Franchises Are Quality-Obsessed Leaders Who Are Passionate About Delivering the Best Food As Efficiently As Possible

For more than four decades, hundreds of entrepreneurs have enjoyed success as Togo's franchise owners. It is because of our high-caliber franchisees that Togo's has been able to become the premier sandwich franchise that it is today. As we interview franchise candidates, we look for people who are serious about following proven systems and who are committed to excellence.

We look for people who will be involved in the business and the local communities they operate in, managing their restaurant or providing oversight for restaurant managers to maintain an A+ experience for their guests and to optimize the financial performance of their locations.



“Togo's 2019 brand refresh and introduction of Togo's 3.0 has helped us to rise to the level of our always-exceptional franchisee family. We want to be the best place to eat for guests and the best place to own for franchisees. That is our overarching mission; to be the best to work, own or visit for a flavor-packed meal.”

- **Glenn Lunde**, Togo's CEO

“Growing up in the late 80s, my friends and I would leave campus for lunch to get Togo's. I grew up on the brand, and it's always been a favorite of mine. I saw an opportunity to bring a part of my childhood in California to Las Vegas, the only location in the state of Nevada.”

- **Wayne Bauer**, Franchisee



Can I Finance a Togo's Franchise?

Togo's restaurants are simple to finance. We are attractive to lenders thanks to our strong business model and a track record of success that extends back to our beginnings in 1971.

There are several options for financing your business in addition to an SBA loan. Here is an overview of some of the most common financing methods for starting a business:

1. SBA loans

U.S. Small Business Association (SBA) loans are government-backed loans at low-market rates; such loans eliminate much of the risk for banks.

Advantages: You can finance a percentage of the cost of your business, which allows you to conserve cash; the interest rates tend to be fairly low; there is no prepayment penalty; and you can obtain better loan terms once you have a proven track record.

Things you should know: It often takes three months or more to obtain an SBA loan and the income and asset documentation process can be exacting. The loan also requires 100% collateral.

2. Leverage Retirement Funds Tax-Free and Penalty-Free

If you have a 401(k) or an individual retirement account (IRA), it can be converted into a self-directed IRA to fund your business. This financing option became extremely popular during the recession, when depressed real estate prices eliminated home equity loans as an option for many franchise buyers.

Advantages: Once you set up a self-directed IRA, you can tap into your retirement funds without paying penalties. Since it's your money, not the bank's, you don't have to worry about a long loan-approval process. As your business succeeds, you make payments back into your retirement account without having to pay interest to a bank. This option also allows you to keep cash in your bank accounts as you launch and grow your business.

Things you should know: Your business becomes your retirement plan, which brings risks. You should be confident that you can beat the stock market by building the value of your business, as well as by avoiding interest payments on a loan.

3. Home Equity Loans

If you've owned a home for many years, there's a good chance you can get a home equity line of credit (HELOC) or a home equity installment loan (HEIL) to finance your new business.

Advantages: These loans have a very low interest rate; they are highly flexible and sometimes have no specific repayment schedule; and they don't require a lot of documentation, such as a formal business plan or an accounting of how the funds will be used. This provides more flexibility for your business.

Things you should know: You'll need to show enough income to repay the loan through your existing sources of income—your projected earnings as a franchise owner won't count when the lender calculates your ability to repay. It can be a great option for a couple in which one person plans to keep their full-time job while the other spouse establishes the business. A real estate appraisal will be required to establish your home's value.

4. Friends and family

You may have friends or relatives who are willing to invest in your success.

Advantages: They know you; they are typically flexible on repayment terms; and they may have expertise that they can offer your business. They may not require collateral.

Things you should know: If the business doesn't meet expectations, it may strain your relationships. Family and friends may also seek equity in exchange for your investment, which would create a partnership arrangement.

5. Partnerships

Partnerships can allow two or more people to combine their resources to purchase a business. If partners complement one another's skill sets and add value to the business, it can be a great arrangement. If partners struggle to work together, it can be painful.

Advantages: You can split management and leadership duties, which gives you greater capacity and flexibility. Since you have multiple people to oversee operations and marketing, you may be able to grow faster.

Things you should know: Partners must have clear guidelines for who handles what and how profits are divided. In addition, to get the most out of your partnership and avoid disputes, clear communication and a shared commitment to the business are essential.



Meet the Togo's Management Team

Togo's Leadership Team Gives Franchisees Access to Vast Experience

Glenn Lunde, CEO

Glenn is the Chief Executive Officer of Togo's. Glenn earned a Bachelor of Arts in Economics and Psychology from Stanford University and his MBA in Marketing from Anderson Graduate School of Business at UCLA. Prior to Glenn's current position, he spent time at companies such as Einstein Noah Restaurant Group, Inc. as Chief Concept Officer, Panda Restaurant Group, Inc. as Chief Marketing Officer and Round Table Pizza as Chief Marketing Officer in addition to working as Taco Bell Corporation's Vice President of Marketing.



Anna Nero

Senior Vice President, Marketing

Anna earned her Bachelor of Science in Business Administration from the University of Southern California.

Prior to joining Togo's, Anna held various leadership positions at Panda Restaurant Group, Inc., such as Executive Director of Menu Strategy & Promotions, Executive Director of Marketing & Community Relations and Director of Marketing.



Mark Boeckman

Vice President, Finance

Mark earned his Bachelor of Business in Administration from Wichita State University and his MBA from W. Frank Barton School of Business - Wichita State University.

Prior to joining Togo's, Mark held the role of Director of Finance at both Round Table Pizza and Black Angus Steakhouses. He was also a Financial Analyst for Pizza Hut Inc.

**Farid Biglari****Vice President, Operations**

Before Farid Biglari was the Senior Director of Operations Services at Togo's, he was an avid fan of the sandwiches, loving their premium quality and best-in-class portion sizes. When he first joined the Togo's team—bringing with him past management experience with brands such as Jamba Juice, Pinkberry and The Melt—Biglari headed up 12 company stores and took Togo's mission of enriching the lives of others to heart. His commitment to people-first leadership translated to owner and employee longevity and higher sales overall. Today, Farid serves as a key contributor to the Togo's 3.0 initiative, leading the initiative's Concept Design Team, overseeing Speed Line operations and equipment, and directing the refurbishment, remodel and/or new build construction of rebranded locations.

**John Dyer****Vice President, Franchise Sales & Real Estate**

Inspired by the brand elevation and growth ushered in by Togo's 3.0 and having been a longtime fan of Togo's piled-high sandwiches, John joined the Togo's team in January 2018, bringing with him nearly a decade of franchise development experience. With a focus on working with franchisees during buildout and launch as well as sourcing prime real estate for franchise locations, John leads new site approval and planning; manages the approval process of existing franchisee expansion and new franchisees; and increases Togo's brand awareness and store count in existing and new markets.

**Matthew Riley****Director, IT Operations**

Matthew is the Director, IT Operations of Togo's. Matthew earned his Bachelor of Business Administration degree from the Inter-American University of Puerto Rico. Throughout Matthew's IT career, he has completed multiple Microsoft technology and Data Analytics courses to stay in tune with current technologies. Prior to joining Togo's, Matthew held various positions at Specialty's Café and Bakery, starting as the IT Services Manager and later was the head of the Data Analytics team within the IT department. As Director, IT Operations, Matthew's areas of responsibility include transactional technologies, in-store ordering systems, system integrations, store and enterprise management systems, and data analytics.

**Sarah Dirks****Director, Off-Premise Sales & Marketing**

Sarah's passion for digital ordering led her to join the Togo's team in 2017 to bring the brand into the digital space. Drawing from her prior leadership role at Real Mex Restaurants, Sarah revamped the online ordering experience, launched a new mobile ordering app, signed strategic third-party delivery partnerships and elevated the catering program. Today, Sarah drives oversight of all off-premise ordering experiences, leads the strategic planning of the rewards program, and oversees social guest engagement.



Togo's Franchise Ownership FAQ

Frequently Asked Questions about Togo's sandwich franchise for sale.

Q: What are the minimum financial requirements to qualify?

A: A minimum net worth of \$300,000 with at least \$150,000 liquid for a single Togo's restaurant development. For Area Development territories for three or more restaurants, a minimum net worth of \$900,000 with at least \$450,000 liquid.

Q: How much will it cost to build a Togo's franchise?

A: Costs vary greatly due to the store size, age of the building, and regional restrictions. Investment ranges are between \$216,500 to \$451,500.

Q: Does Togo's offer financing?

A: To help fuel our growth, Togo's offers new and existing franchisees access through a 3rd party to financing for qualified candidates.

Q: How much money can I expect to make?

A: Togo's provides financial performance representations in our FDD (Item 19). However, profitability will depend considerably upon the franchisee's ability to manage the day-to-day operations and finances, as well as factors specific to each location — such as occupancy, local store marketing costs, labor costs, and the potential for sales.

Q: What is the royalty fee?

A: Five (5%) percent of your gross sales.

Q: What is the marketing fee?

A: Togo's currently collects three (3%) percent of your gross sales; however, the franchise agreement allows for the flexibility to increase the advertising fee, not to exceed a total of 5%.

Q: What is the typical Togo's restaurant size?

A: The typical store size is 1,200 to 1,800 square feet.

Q: How many seats does a typical Togo's restaurant have?

A: 15-30 interior, 10-15 exterior.

Q: How is my site evaluated?

A: You are responsible for finding a location that meets the site criteria of Togo's. We work closely with you in the site selection process.

Q: When can I expect to be profitable?

A: It varies by location and market, as well as franchisee management. We cannot predict earnings or profitability for you.

Q: How involved am I in the development and construction process?

A: You will work closely with our design and construction resources in selecting architects, contractors, and equipment vendors. Togo's will keep in close contact so that we can monitor the progress of the developing location.

Q: Can I build multiple sandwich franchise locations?

A: Yes! We encourage potential franchisees to develop and operate multiple locations.

Q: Who will train me to operate a Togo's?

A: We have a training team that offers a comprehensive four-week training program that includes management training and certification and brand training.

Q: After my restaurant is up and running, what kind of support will I receive?

A: Our Franchise Business Coaches (FBCs) and support center staff are in place to provide you with any assistance you may need in relation to the operation of your Togo's.

Q: Is there an elected franchisee advisory council?

A: Yes. It consists of elected franchisee members who perform advisory services to the Togo's management team.



Next Steps

A look at the Process to Become a Togo's Franchisee

Thank you for taking the time to read more about Togo's!

Since you filled out a form to express an interest in learning more, expect a call from us. It's a quick call—usually about five minutes—that gives us a chance to introduce ourselves, learn a little about you and answer a few questions. From there, we'll schedule a time to provide you with in-depth information about the brand and to learn more about you and your goals.

During this learning process, we will also ask you to fill out a franchise application. Once that's complete, you'll receive a copy of our Franchise Disclosure Document. If you've never seen an FDD, here's what you need to know: It's a comprehensive legal document that defines the relationship between franchisee and franchisor and outlines the

obligations of each side. The structure of an FDD is mandated by the Federal Trade Commission and it can take some effort to understand all the nuances of the document. We will go over the FDD with you and will answer your questions. We also advise you to review the document carefully with an accountant or attorney who specializes in franchise law.

Once you have completed our discovery process and reviewed the FDD, you will then be invited to visit Togo's headquarters for a Discovery Day meeting. This is a chance to meet face-to-face with the executive team that leads Togo's, get to know the members, ask any additional questions and start building relationships. If everything goes well and there is mutual interest in the partnership, we'll offer you a franchisee agreement.



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