

FRANCHISE DISCLOSURE DOCUMENT

Galardi Group Franchise Corp., a California Corporation
7700 Irvine Center Drive, Suite 550
Irvine, California 92618

(800) 764-9339; franchise@wienerschnitzel.com; www.wienerschnitzel.com



(Limited Franchise)

The franchise is a quick service restaurant featuring hamburgers, hot dogs, fries, soft serve desserts, and drinks, with the location, furniture, fixtures, and equipment leased to you on a month-to-month term and a formula that adjusts monthly rent in order to limit the range of your operating results whether negative or positive. The total investment to begin operation is \$20,000 to \$156,200, which includes payments to us of \$15,500 to \$146,700.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Ted Milburn at Galardi Group Franchise Corp., 7700 Irvine Center Drive, Suite 550, Irvine, CA 92618, and 949-892-2652.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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.

Issued: ~~April 1, 2022~~ [April 4, 2023](#)

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 Exhibit I.
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 A 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 Wienerschnitzel 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 franchisor 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 Wienerschnitzel franchisee?	Item 20 or Exhibit I lists 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 the 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 [KQ](#).

Your 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 Risks 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 us by litigation only in California. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to sue us in California than your home state.
2. **Publicity.** Your business will be affected by changes in consumer tastes, demographic patterns, character of the area where your restaurant is located, weather, competition, inflation, food costs, cost of motor fuels, government regulations like required disclosure of nutritional information, public attention to ingredients, health and nutrition concerns, health codes, zoning, environment concerns, wage and price controls, employment and wage levels, energy usage, and other operating costs.
3. **Personal Guaranty.** If you are married, we'll require you and your spouse to sign a personal guarantee making him/her jointly and severally liable for all obligations of the franchise, whether or not your spouse is involved in the operation of the franchise business. The requirement places the personal assets of the franchise owner(s) and spouse(s) at risk.
4. **Term Loans.** We and one of our affiliates guaranteed ~~fourteen~~**fifteen** term loans for another of our affiliates. At December 31, ~~2021~~**2022**, the amounts were ~~\$22,415; \$51,575; \$51,188; \$158,214; \$85,356; \$187,955; \$578,104; \$536,993; \$1,295,712; \$168,377; \$344,501; \$924,135; \$600,646; \$465,650; \$56,036; \$82,520; \$65,149; \$192,117; \$100,419; \$177,425; \$469,887; \$664,820; \$859,188; \$1,524,367; \$193,953; \$478,822; \$1,170,707; \$678,541; and \$563,449~~ (totaling ~~\$5,470,821~~**\$7,277,400**).

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

Additional Disclosure

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.

TABLE OF CONTENTS

<u>ITEM</u>	<u>PAGE</u>
1. The Franchisor and any Parents, Predecessors, and Affiliates	6
2. Business Experience	7
3. Litigation	8
4. Bankruptcy	9
5. Initial Fees	9
6. Other Fees	9
7. Estimated Initial Investment	10
8. Restrictions on Sources of Products and Services	12
9. Franchisee's Obligations	13
10. Financing	14
11. Franchisor's Assistance, Advertising, Computer Systems, and Training	15
12. Territory	24 <u>22</u>
13. Trademarks	22 <u>22</u>
14. Patents, Copyrights and Proprietary Information	23
15. Obligation to Participate in the Actual Operation of the Franchise Business	24 <u>43</u>
16. Restrictions on What the Franchisee May Sell	24
17. Renewal, Termination, Transfer and Dispute Resolution	25 <u>4</u>
18. Public Figures	27 <u>6</u>
19. Financial Performance Representations	27 <u>6</u>
20. Outlets and Franchisee Information	30 <u>28</u>
21. Financial Statements	39 <u>7</u>
22. Contracts	39 <u>7</u>
23. Receipts	39 <u>7</u>

Exhibits

A. Financial Statements
B. Limited Franchise and Lease Agreement
C. Amendment to Limited Franchise and Lease Agreement
D. Promotional Allowance Agreement
E. Direct Debit Agreement
F. Promissory Note
G. Guaranty
H. Operations Manual Table of Contents
I. List of Current & Departed Franchisees
J. Advertising Associations
K. State Administrators
L. State Disclosure Addenda
M. Agents for Service of Process
N. State Effective Dates
O. Receipts

ITEM 1: The Franchisor and any Parents, Predecessors and Affiliates

We are Galardi Group Franchise Corp. We incorporated in 1982. To simplify language in this disclosure document, “we,” “us,” or “our” means Galardi Group Franchise Corp. and may include one or more of our affiliates. “You,” or “your” means the franchisee or person or entity (corporation, partnership, LLC, and its owners, managers, officers and directors) that buys the franchise.

Some affiliates control or are under common control with us. Our parent (majority owner) is Galardi Group, Inc. (“GGI”), incorporated in 1964. Galardi Group Franchising & Leasing, Inc. formed in 1998, owns certain operating assets related to our business and may lease restaurant equipment to you. Galardi Group Franchise & Leasing, LLC, a limited liability company, formed in 2002, conducts restaurant related business after the sale of the franchise to you, and may provide services to you. Galardi Group Realty Corp. (“GGRC”) incorporated in 1986, may lease or sublease real property to you. We don’t have a predecessor in the sense of someone who we acquired most of our assets from.

All the above companies are formed in California. All are located at 7700 Irvine Center Drive #550, Irvine, California 92618. The phone number is 949-892-2699. See Exhibit M for our agents for service of process.

We franchise quick service restaurants, called Wienerschnitzel®. Your Wienerschnitzel® restaurant will feature burgers, hot dogs, fries, drinks, and related menu items. We may allow, or require, you to offer Tastee-Freez® desserts.

We or our parent and affiliates operated Wienerschnitzel® restaurants since 1961 and offered franchises since 1965. We do not currently own or operate any Wienerschnitzel® restaurants. Since 1982 we or affiliates offered franchises for Hamburger Stand restaurants, offering burgers, fries, and soft drinks. There are currently 1342 Hamburger Stand franchises. Since 2003, our affiliate Tastee Freez, LLC offered franchises for Tastee-Freez® restaurants selling desserts, or desserts and foods. Tastee-Freez® started in the 1950s. A predecessor offered Tastee-Freez® franchises since at least 1982. Tastee Freez, LLC currently has 4 franchises. Counting subfranchisees, and Wienerschnitzel® locations that offer Tastee-Freez®, about 333337 locations offer Tastee-Freez® products.

We offer four types of franchises: (1) limited, (2) business and facility; (3) full; and (4) express. This Disclosure Document is for the limited franchise. This is a month-to-month term. You can end the term on one month’s notice; we can end the term on 7 days’ notice. You lease the location, furniture, fixtures and equipment from our affiliate. You pay us rent according to a formula that adjusts monthly to limit the range of your operating results whether negative or positive. The full and business and facility franchises are described in separate Disclosure Documents. Under a separate Franchise Disclosure Document (“FDD”) we offer area representative franchises, which are to engage in the business of recruiting and providing support services to operators of Wienerschnitzel® restaurant franchises in their area. The area representative does not have any management responsibility in the sale or operation of the franchises listed above.

The market for quick service restaurants and the foods we offer is well-developed. Your customers will be all types of consumers who want a good meal served quickly at a reasonable price. You will compete with restaurants and quick service restaurants including franchises, chains and individually-owned restaurants and other meal options, like food trucks, dining at home and grocery store deli counters. Your competitive advantage will be based on following our standards and guidelines, your entrepreneurial and managerial abilities and focus on customer service in your Wienerschnitzel® franchise.

You must comply with laws and rules on operating a restaurant, health, safety and sanitation, health department inspections, menu and menu board labeling, providing calorie and nutrition information, smoking, restrictions, posting notices of chemicals and health hazards, fire safety and emergency preparedness, use, storage and disposal of containers and materials that may harm the environment or affect food or health, and on waste, insecticides and other hazardous materials, food labeling, minimum wages, overtime, working hours and conditions, unlawful discrimination, disability discrimination and compliance, anti-terrorism, employing children and with the FDA Hazard Analysis and Critical Control Point (HACCP) food safety program. Some states require you to employ a person certified in food safety. Also, in several states, (for example, California, Illinois, and Washington) county health departments inspect restaurants and other retail food facilities for such matters as sanitation, compliance with safe food handling practices and adequacy of kitchen facilities. You must investigate and comply with these laws and regulations, despite any advice or information we may give you.

ITEM 2: Business Experience

Executive Chairperson: Cynthia Galardi Culpepper

Ms. Culpepper has been our Executive Chairperson since February 2022. Ms. Culpepper was our Chairman and Chief Executive Officer from 2013 to January 2022.

President, Chief Executive Officer and Chief Operating Officer: J.R. Galardi

Mr. Galardi has been our President, Chief Executive Officer and Chief Operating Officer since February 2022. Mr. Galardi has been our President since December 2017. He was our Executive Vice President from August 2016 to December 2017; Director of Administration from March 2016 to August 2016; Manager of Hamburger Stand from January 2016 to March 2016; and Marketing Manager from June 2012 to January 2016.

Vice President and Chief Financial Officer: Michael Nishi

Mr. Nishi has been GGI's and our Vice President, Chief Financial Officer since 2022.

~~Vice President of Development and Secretary: Robert E. Mathews~~

~~Mr. Mathews has been our Vice President of Development and Secretary since 2006. He has been GGI's and our General Counsel since 2003.~~

~~General Counsel: Thomas J. Haldorsen~~

~~Mr. Haldorsen has been our General Counsel since March 13, 2023. Previously Mr. Haldorsen was Associate General Counsel of Lennar Corporation from 2019 to 2023; and Counsel of Lennar Corporation from 2014 to 2019.~~

~~Chief Operating Officer Vice President of Operations: Rusty Bills~~

~~Mr. Bills has been GGI's Chief Operating Officer since October 2022. He was our~~ Mr. Bills has been GGI's Vice President of Operations ~~from since~~ October 2017 to September 2022. He was our Senior Director of Operations from November 2016 to October 2017; Director of Operations from September 2014 to November 2016; Manager of Tastee Freez and Special Projects from September 2011 to September 2014; and Franchise Area Director from March 2007 to September 2011.

International Franchise Development Director: Werner Glass

Mr. Glass has been our International Franchise Development Director since January 2021. From September 2014 to February 2020 Mr. Glass was Vice President, International Franchise Development and/or Senior Vice President, Global Franchise Development, with Sbarro, a quick service restaurant featuring pizza and Italian foods.

Director of U.S Franchise Development: Ted Milburn

Mr. Milburn has been our Director of Franchise Development since January 2015.

Chief Marketing Officer: Doug Koegeboehn

Mr. Koegeboehn has been our Chief Marketing Officer since January 2015. He was our Director of Marketing from November 2014 through December 2014. From November 1993 through October 2014, Mr. Koegeboehn was Group Account Director for DGWB Advertising located in Santa Ana, California.

Director of Hamburger Stand®, Tastee-Freez®, Special Projects and the Limited Franchise Division: Bejan Hendifar

Mr. Hendifar has been with Galardi Group since August 15, 2010 acting as a Franchise Area Director. Mr. Hendifar is the Manager of Hamburger Stand®, Tastee-Freez®, Special Projects and the Limited Franchise Division.

ITEM 3: Litigation

Mahe Abdeljawad v. Galardi Group, Inc. (U.S. District Court for the Central District of Illinois, Case No. 2: 15-cv-02265-HAB, filed November 5, 2015.) This litigation concerned marketing and advertising of Wienerschnitzel® all-beef hot dogs with chili or chili-cheese. Abdeljawad alleges that advertising and marketing of the all-beef hot dogs with chili or chili-cheese misled him and other similarly-situated consumers to believe that not just the hot dog, but the *chili* was all beef (whereas the chili contained some pork). Abdeljawad seeks to certify a class of all consumers nationwide who purchased the all-beef hot dog with chili or chili-cheese. On May 4, 2016, the parties signed a settlement agreement. Other than these actions no litigation is required to be disclosed in this Item.

Galardi Group Franchise & Leasing, Inc.; Galardi Group Franchise Corp. v. Colorado Mountain Family LLP; GSF Family LLP; and Does 1-10 (Superior Court of California for the County of Orange, No. 30-2017-00948754-CU-BC-CJC, Filed October 10, 2017). Our affiliates brought this claim against a supplier for breach of contract. The supplier cross-complained against our affiliates for breach of contract. Galardi Group Franchise & Leasing, Inc. and Galardi Group Franchise Corp. and Defendants Colorado Mountain Family LLP and GSF Family LLP entered into a Deposit Agreement. Defendants did not pay the balance due for a deposit under the contract. The matter settled in November 2020 with an agreement that our affiliates will continue to be supplied by the supplier or will pay an agreed amount to them if we terminate the arrangement before the expiration of an agreed time period.

Hooman Nissani; Playa Vista Wienerschnitzel, Inc. v. Galardi Group Franchise Corp., Galardi Group Franchise & Leasing, LLC and Does 1-25 Inclusive (Superior Court of the State of California, County of Orange, Central Justice Center, Case No. 30-2019-01115068-CU-CO-CJC). This litigation concerns an allegation of breach of contract and fraud by a former franchisee. Plaintiffs and Defendants entered into contracts related to a Wienerschnitzel franchise. There was a disagreement regarding the

honoring of each party's obligations under the contracts. Plaintiffs seek monetary damages. The matter is current.

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

ITEM 4: Bankruptcy

No bankruptcy information is required to be disclosed in this Item.

ITEM 5: Initial Fees

You pay us \$3,000 to \$15,000 as a security deposit, \$3,000 to \$10,000 for inventory and reimburse our costs to change the restaurant safe combination and door locks. You can finance the security deposit and inventory by giving us a promissory note with payments of at least \$300 per month and interest at the maximum legal rate. We don't charge you any other initial fee apart from rent.

ITEM 6: Other Fees

Name of Fee	Amount	Due Date	Remarks (Note 1)
Rent	\$4,000 to \$40,400 per month	Weekly on last four Mondays each month	You pay us rent. Once a year we calculate weekly rent based on prior year rent. We give you 30 days' notice of any change. Then you pay new rent amount.
Rent Balance	Difference between monthly rent and total of month's four weekly payments.	7 th day after end of month	You pay us the difference between the monthly rent and the amount of your four weekly payments.
Additional Rent	Varies	Varies	Taxes, charges, costs, and expenses you are required to pay are deemed to be additional rent.
Rent Debit Memo	Varies	With next rent payment	By third day after each month end you provide us information on mix of your sales in the month. We issue you a credit or debit memo that reduces or increases the prior month's rent. You pay any increase with the next weekly rent. Basically, rent increases if your food cost is less than a target rate; rent decreases if your food cost exceeds a target rate. Your Agreement states the target rates.
Additional Training	Recertification Renewal \$100 per person	Varies	Renewal of Certification fee.
Promotional Allowance	Amount of allowances you receive from others	On receipt	You assign to us any promotional allowances you are entitled to.
Security Deposit	One week's rent but not less than \$3,000	Start; this increases when weekly rent increases	When rent increases you must increase the security deposit. We can retain \$250 if operator agreement terminates within 12 months.
Marketing Programs	Varies	Within 15 days after invoice	You must participate in our marketing programs (e.g., buy premiums & bonuses and redeem coupons).

Minor Maintenance	Varies	Within 15 days after invoice	If you don't perform minor maintenance within 3 days after our demand, we can do it and you reimburse us.
Indemnity	Wage amounts, tax deposit, insurance premiums, utility charges, other obligations and claims	On demand	You protect us from these obligations of yours. You also indemnify us from claims relating to your business.
Sales and Other Taxes	Amount of tax	On demand (sales tax within 7 days after month end)	You pay us your sales tax. If we pay your sales or other tax, you reimburse us.
Product Testing	\$1,000	On demand	If you want to get items, meeting our standards, from someone we haven't approved, you give us information we want about the proposed source. We may require them or you to pay for testing items.
Attorney's Fees and Court Costs	Amount of fees and costs	On demand	In an action relating to the operator agreement, you reimburse our attorney's fees, court costs, and other costs if you are unsuccessful.
Late Charge	\$250	On demand	If you don't pay us on time, you pay an additional \$250 (plus interest as noted below).
Liquidated Damages	\$5,000	On demand	Fixed damage amount if we terminate operator agreement due to your breach.
Operations Manual	\$50 to \$100	On demand	Charge for failing to update Operations Manual (\$50) or failure to return Operations Manual (\$100)
Utilities	Varies	On demand	You pay utility charges to utility companies
Holdover	\$1,500 per day	On demand	If you stay at premises after lease ends.
Interest	Lower of 18% per year or highest rate allowed by law for non-personal loan	On demand	If you don't pay us on time, you must pay interest on the overdue amount (in addition to the \$250 late charge noted above).
Receiver	Unknown	On demand	We can get a receiver appointed if you default and all income and profits (etc.) will be taken by the receiver to pay obligations.
Termination Fee	\$250	On termination	We deduct this from the security deposit. We will waive this fee if you have been an operator for 12 months.
Breach service charge/costs of remedial action	\$250 or other reimbursement of expenses to cure (varies)	On demand	For breach of default we can charge you \$250 and require you to pay our cost/expenses for remedial or cure actions we take re-maintenance, design, décor, appearance, obsolescence or any aspect of the restaurant.
Reimbursement for Employer Related Costs	Varies	On demand	You pay us for any costs/expenses like wages, salaries, taxes, and/or other payroll-related costs/expenses for any of your employees or independent contractor if we are deemed to be the employer.

1. All fees are imposed by and collected by us or our affiliate and are paid to us. None of the fees are refundable, except that if an insurance policy is cancelled before it expires, a portion of the premium may be refundable from the insurance company. All fees are uniformly imposed.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount (1)	Method of Payment	When Due	To Whom Payment is to be Made
Inventory (Notes 2, 9)	\$0 - \$10,000	Cash or Note Payments	Before opening or pursuant to Note	Us
Door Locks/Safe Combination (Note 3)	\$500	Cash	Before opening	Us
Insurance (Note 4)	\$63 ,000 - \$21,000	Lump sum	Before opening	Insurance Co.
Rent (Note 5)	\$12,000 - \$121,200	Cash	Before opening; monthly	Us
Security Deposit (Notes 6, 9)	\$3,000 - \$15,000	Cash or Note Payments	Time of opening	Us, GGI, GGFL, or GGRC
CPA/Lawyer (Note 7)	\$1,500 - \$5,000	Varies	Before opening	CPA/Lawyer
Additional Capital (Note 8)	Amount equal to security deposit	Not applicable	Before opening	You retain
Additional Funds	\$1,500	As incurred	As incurred	Suppliers, trades, people, & others
Total	\$20,000 - \$156,200 (Notes 1, 9)			

Notes:

1. All amounts are only estimates. The actual amount you may spend can be higher or lower. If you have expenses other than those listed, your actual expenses can be higher.
2. You buy the inventory from us. We may accept a promissory note for this amount, with annual interest at the maximum lawful rate, and payments of at least \$300 per month.
3. You reimburse our costs to change the restaurant's safe combination and door locks.

We buy certain insurance, including commercial general liability and property insurance, and charge you a pro-rated portion. GGFL shall provide insurance in amounts and subject to terms stated in a policy agreement which GGFL will make available for Operator's inspection on Operator's written request. This obligation and the insurance to be provided, are not any form of assurance by GGFC of payment of any loss claimed by Operator.

4. Estimated rent for three months. Rent amounts vary. Shortly after each month end you provide us information on the mix of your sales in the month. We issue you a credit or debit memo that reduces or increases the prior month's rent. You pay any increase with the next weekly rent payment. Basically, rent increases if your food cost is less than a target rate; and rent decreases if your food cost exceeds a target rate.
5. You pay a security deposit to us or GGRC. The amount is determined on an individual basis for each location, and is typically in the range of \$3,000 to \$15,000. We or GGRC may accept a promissory note, with interest at the maximum lawful rate and payments of at least \$300 per month.
6. Estimated professional fees for you to consult an advisor like a lawyer or CPA regarding the investment and agreement(s).

7. You should have additional working capital in the range indicated, or possibly more, to be able to pay your expenses until your revenues provide you money to do so. This could take more than the first three months of operating, but the working capital estimate is only for three months.
8. The totals are sums of several estimates. So your actual investment may differ from the total. You are unlikely to achieve the low amount for every item; therefore, the total low estimate is unlikely to be achieved. ~~Do not rely on this table as a definitive statement of your investment. Use it as a start for independent analysis with your accountant or other business advisor.~~ Generally, none of the expenses in this table is refundable, except that security deposits may be refundable and some of the premium may be refunded when an insurance policy is cancelled before its term ends. In some instances, we may finance part of the initial investment. See Item 10.

ITEM 8: Restrictions on Sources of Products and Services

We mutually agree to the location when the Franchise Agreement is signed. We state it in the agreement. It will typically be a location that we own and are willing to lease to you.

You must use signs, furniture, furnishings and equipment we require. We tell you in writing what we require. The point-of-sale system and computer hardware and software are described in Item 11.

You can get supplies from who you want that meet our specifications and have our approval for quality control, uniformity and protecting our trademarks. On request we'll give you names and addresses of suppliers we approve. We can add or remove approved suppliers. We are an approved supplier for any items we choose to supply, but currently we do not supply any items.

On request we tell you our standards for items you must use in operating the restaurant. If you want to get these from someone we haven't approved, then give us all the information we want about the proposed source. We may require them to give us samples, pay for testing items you want them to supply and sign our License Agreement. Then we'll tell you if we approve the proposed source. If we don't approve we'll tell you why. This can take 90 days. We can revoke any approval by telling you in writing. Our criteria for approving suppliers is available on request.

Our menu includes Tastee-Freez® desserts; Tastee Freez, LLC is our affiliate. Our menu includes products of the Pepsi-Cola and Dr. Pepper companies, which are publicly traded. Any of our officers or personnel could own stock in those companies. Otherwise, Galardi Group officers do not own an interest in our suppliers.

We and our affiliates derive revenue from real property and equipment we lease to franchisees. We do not derive revenue from other items you buy or lease. GGI and GGRC's total revenues for ~~2021~~2022 from Wienerschnitzel® limited franchised restaurants were approximately ~~\$25,085,620~~\$25,019,519 and from real property and leased equipment for ~~2021~~2022 were approximately \$0. Thus, about 0% of the revenues for these affiliates were from required leases of real property and equipment. We ("GGFC") do not derive revenues from required purchases or leases.

We estimate that all your purchases and leases from us are approximately .5% to 17% of all purchases and leases of goods and services in establishing the franchise, and approximately 9% to 25% of all your purchases and leases of goods and services in operating the franchise.

We obtain monies from the companies who supply your soft drinks. The payments they make to us is based on the syrup you buy. Soft drink syrup manufacturer payments for ~~2021~~2022 totaled ~~\$3,190,170~~\$2,928,288. ~~\$3,190,170~~\$2,928,288 of this revenue goes in our National Advertising Funds

for advertising and marketing. We may also derive payment on a similar basis from other suppliers. We may also derive revenue on a similar basis from other suppliers.

We negotiate purchase arrangements with suppliers. We require product suppliers to agree to maintain quality and adhere to our specifications and other provisions. We do not offer benefits like granting additional franchises or other benefits based on purchases of particular products or services or use of particular suppliers, but the Franchise Agreement requires you to comply with our requirements for buying from approved suppliers. Some franchisees are members of advertising associations comprised of Wienerschnitzel® franchisees in geographic regions we designate. Otherwise, we do not know of purchasing or distribution cooperatives associated with us or our franchisees.

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	Sections in Agreement	Items in Disclosure Document
A. Site selection, acquisition/lease	Limited Franchise and Lease Agreement. § 1	6, 7, & 11
B. Pre-opening purchase/leases	Limited Franchise and Lease Agreement. §§ 4, 5, 6, 7, & 9	7 & 8
C. Site development & other pre-opening requirements	Limited Franchise and Lease Agreement. §§ 4, 5, 6, & 7	6, 7, 8, & 11
D. Initial & on-going training	Limited Franchise and Lease Agreement. §§ 6(A)(1) & 7(G)	6, 7, & 11
E. Opening	Limited Franchise and Lease Agreement. §§ 2	7 & 11
F. Fees	Limited Franchise and Lease Agreement. §§ 4, 5, 6(B), 6(C), 9(E), 9(F), 9(L), 17, 18, 19, 20, & 22; Amend. to Limited Franchise and Lease Agreement. §§ 2 & 3 (and Rent Schedule); Direct Debit Agmt.	5, 6, 7, 10, & 17
G. Compliance with standards & Policies/Operations Manual	Limited Franchise and Lease Agreement. §§ 6, 9, 10, 11(B), 18(A)	7, 11, 16, & 17
H. Trademarks & Proprietary Information	Limited Franchise and Lease Agreement. § 6, 9(B), 9(G), 9(J), 18(A), 18(G) & 18(H)	13 & 14
I. Restrictions on products/services offered	Limited Franchise and Lease Agreement. § 9(G) – 9(I)	11 & 16
J. Warranty & customer service requirements	Limited Franchise and Lease Agreement. § 9 & 10	11, 16, & 17
K. Territorial development & sales quotas	Limited Franchise and Lease Agreement. § 9	12 & 16
L. On-going product & service purchases	Limited Franchise and Lease Agreement. §§ 6(C), 7, 9(G), & 9(P)	6, 8, & 16
M. Maintenance, appearance & remodeling requirements	Limited Franchise and Lease Agreement. §§ 7(A), 7(B), 9(K), & 10	6, 7, & 17

N. Insurance	Limited Franchise and Lease Agreement. §§ 7(C), 7(D), 9(F), 11(C), 12(B), & 14(H)	7 & 11
O. Advertising	Limited Franchise and Lease Agreement. §§ 7(K), 7(L), 7(N), & 9(O)	6, 7, & 11
P. Indemnification	Limited Franchise and Lease Agreement. §§ 9(F) & 12(A)	6, 14, & 17
Q. Owner's participation/management/staffing	Limited Franchise and Lease Agreement. §§ 8, 9, 10 & 18	11 & 15
R. Records & Reports	Limited Franchise and Lease Agreement. §§ 8, 9(P) & 14(A) (4)	17
S. Inspections & audits	Limited Franchise and Lease Agreement. §§ 8(A), 9(M), & 11(D)	17
T. Transfer	Limited Franchise and Lease Agreement. §§ 9(B) & 13	17
U. Renewal	Limited Franchise and Lease Agreement. – None; All Other Agreements – None	17
V. Post-termination obligations	Limited Franchise and Lease Agreement. §§ 5(C), 8(C), 11(B), 14, 16(A), 18(G), 19 & 22	17
W. Non-competition covenants	Limited Franchise and Lease Agreement. §§ 9(A) & 16	17
X. Dispute Resolution	Limited Franchise and Lease Agreement. §§ 17 & 26	Item 17 & Cover Page

ITEM 10: Financing

Summary of Financing Offered (Note 1)

Item Financed	Amount Financed	Down Payment	Term (MOS)	APR %	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Legal Right on Default
Limited Franchise Security Deposit & Opening Inventory	\$6,000 - \$25,000	\$0	24 – 120 months (Note 2)	9% - 11%	\$300 to \$750	None	None (Note 3)	Individual liability & default of operator agreement	(Note 4)

Notes:

1. Financing listed in this table is provided by us or our affiliate. We will comply with applicable laws governing direct financing offered by us to you including, if applicable, the California Finance Lenders Law.
2. Term depends on amount paid per month, total borrowed and rate.
3. The promissory note is signed by you, the franchisee. If the franchisee is an entity, we require a personal guaranty to be signed by the franchisee. The form of personal guaranty is Exhibit G to this Disclosure Document.
4. In the promissory note you waive the legal defenses of presentment for payment, notice of dishonor, protest and notice of protest. You do not waive other defenses or other legal rights and you are not

barred from asserting other defenses. We do not have a practice or intent to sell, assign or discount all or part of any financing to any third party. We do not place financing with a lender or receive consideration for doing so.

ITEM 11: Franchisor's Assistance, Advertising, Computer Systems, & Training

A. Services We Provide

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

If you buy a limited franchise, then before you open your business we will do the following:

1. Designate your location and lease the location and equipment to you. (Limited Franchise and Lease Agreement. Section 1). It is a location we own or lease, which we lease to you. We make sure it meets local ordinances and building codes and obtain permits. It is already constructed and decorated, including equipment, signs and fixtures. We arrange for inventory, supplies and small wares. You pay for initial inventory, supplies and small wares and then you order directly thereafter.
2. Designate the starting date of your month-to-month lease. (Limited Franchise and Lease Agreement. Section 2)
3. Designate your weekly rent payments. (Limited Franchise and Lease Agreement. Section 4(H))
4. Specify a rent reduction/rent increase percentage formula in your operator agreement. The effect of this formula is to increase or decrease rent you pay to us based on cost of food you buy to provide you some protection from food cost increases beyond your control. (Limited Franchise and Lease Agreement. Section 4(N))
5. Provide you training in the operation of a Wienerschnitzel Restaurant (described in Item 11) and pay your transportation and living expenses during training. (Limited Franchise and Lease Agreement. Section 7(G))

Most of these services are provided by Galardi Group Franchising & Leasing, LLC. In addition, to the extent we deem necessary, we'll provide you specifications for products and designated suppliers from which you agree to purchase inventory, goods, and supplies for the start-up and ongoing operation of the restaurant.

During the operation of your limited franchise, we will:

1. From time to time, calculate what your weekly rent will be based on actual rent in the prior 12 months and give you at least 30 days' notice of any change in weekly rent. (Limited Franchise and Lease Agreement. Section 4(B))

2. Give you a rent credit for cost of ice if the ice machine breaks (and it is not your fault); cost of food donations to charity made with our prior written approval; and \$1,000 for each new operator you refer who stays as an operator for one year. We can change or stop these credits on 30 days' notice. (Limited Franchise and Lease Agreement. Section 4(E))
3. If your four weekly rent payments for a month are more than the monthly rent, apply the excess first to state sales tax, then to any other money you owe us or our affiliates, then to the next weekly rent payment. (Limited Franchise and Lease Agreement. Section 4(K))
4. After you provide us a sales and prices report for a month, we'll provide you a written credit/debit memo to either reduce or increase your prior month's rent. We'll apply a credit memo first to your month-end statement balance and then to your next weekly rent. You must add any debit memo to your next rent payment. (Limited Franchise and Lease Agreement. Sections 4(L) and 4 (M))
5. We'll give you at least 30 days' notice of any change in the food cost allowance factor used for the calculations in the prior paragraph. (Limited Franchise and Lease Agreement. Section 4(O))
6. Provide training we deem appropriate in operating a Wienerschnitzel® restaurant. (Limited Franchise and Lease Agreement. Section 6(A)(1))
7. Lend you our Operations manual. (Limited Franchise and Lease Agreement. Section 6(A)(2))
8. Perform major building and equipment maintenance. But you must make repairs and pay for major maintenance caused by you or your workers. You have to do minor maintenance. (Limited Franchise and Lease Agreement. Section 7(A))
9. Insurance requirements include commercial general liability, property, and worker's compensation/employer's liability insurance. We will provide and pay for commercial general liability and property insurance. You will pay for worker's compensation/employer's liability insurance (you will obtain and pay for). On request, we will supply you with a copy of the general liability and property policies. (Limited Franchise and Lease Agreement. Section 7(C))
10. We'll pay reasonable gas, water and electric bills. You will reimburse us for these bills. You pay all other utility bills. (Limited Franchise and Lease Agreement. Section 7(E))
11. We'll pay property taxes, maintenance costs and for landscaping. (Limited Franchise and Lease Agreement. Section 7(E)).
12. Provide continuing assistance, like visiting the premises to evaluate your operation and recommend how to run it better. You must follow our recommendations. (Limited Franchise and Lease Agreement. Section 7(F))
13. Maintain a school and provide various training in operating a Wienerschnitzel® restaurant. (Limited Franchise and Lease Agreement. Section 7(G))
14. Evaluate and test food and beverage items and operational methods for possible use in our system. (Limited Franchise and Lease Agreement. Section 7(H))

15. At your request, provide you our current standards and specifications for products; and names and addresses of currently approved suppliers. (Limited Franchise and Lease Agreement. Section 7(I))
16. Provide statistics to you on sales mix, sales analysis and comparing sales with prior periods. (Limited Franchise and Lease Agreement. Section 7(J))
17. Formulate and implement marketing plans, supervise preparation of advertising and promotion materials, provide layouts, window cards and other materials for your use in local promotions. Help assess promotion media; review, evaluate, and select premium items for use in the business (Limited Franchise and Lease Agreement. Section 17(K))
18. Calculate a simulated promotional discount allowance percentage and issue memorandums of credit. (Limited Franchise and Lease Agreement. Section 7(M))
19. Pay the dues for your local advertising association but you can't vote in it. (Limited Franchise and Lease Agreement. Section 7(N))
20. Contribute an amount equal to 1% of the net sales of your restaurant for national or regional advertising. (Limited Franchise and Lease Agreement. Section 7(N)). We consider this expense in making final calculations concerning your restaurant, so in effect you share this cost.
21. If you pay us the sales taxes, we'll pay them to the state as required. (Limited Franchise and Lease Agreement. Section 18(D))
22. Pay to change the safe combination and door locks if you relocate at our request. (Limited Franchise and Lease Agreement. Section 4(C))

Many of these services are provided by Galardi Group Franchising & Leasing, LLC.

B. Advertising Program

You must join an advertising association formed for the marketing area of your location and recognized by us. We define your marketing area using a geographic "Designated Market Area" ("DMA") or "Area of Dominant Influence" ("ADI") which are geographic marketing areas determined by Nielsen or Arbitron. They are not affiliated with us. We could define your marketing area some other way. Other Wienerschnitzel® restaurants in the marketing area we define are also members.

You must sign agreements required by the advertising association. If you are one of the first two Wienerschnitzel® owners in your area, we may require you and the other owner to form the association. If you cannot agree on terms, you both must submit the matter to us to decide the terms of your association. However, we do not have express power under the agreement to form, alter or dissolve your advertising association.

One of the requirements for us to recognize your participation in your association is that you and your association sign an advertising association agreement with us. The association's members that are full franchises or business and facility franchises vote on advertising programs. We vote for your location. You do not vote. If there is a tie, we can break the tie. We can also veto any decision or action. There are not a significant number of limited franchises, so typically, advertising associations do not include limited franchises as a member.

Your association must have officers (President, Treasurer, etc.). The officers are a committee that coordinates meetings, recommends advertising programs to the association members, approves media schedules, and makes budgets. The association must meet at least four times per year. The association must choose an advertising agency to carry out advertising programs. The agency must meet our approval and comply with our advertising guidelines. The association must provide members at least quarterly financial statements, including a statement of receipts and disbursements, and list of accounts receivable and accounts payable. All advertising by you or your association must first get our written approval. After you submit proposed advertising, we have 15 days to respond or it is deemed to be approved. You can't use any trade name other than Wienerschnitzel® or other trade names owned by us, or approved by us in writing in your advertising.

Full Franchisees are obligated to contribute a percentage of their net sales to the association. For you, as a limited franchisee, we pay the advertising association contributions. We contribute an amount equal to 1% of net sales of your restaurant for a national or regional advertising program.

We will formulate and implement marketing plans, supervise preparation of advertising and promotion materials and provide layouts, window cards and other materials for local promotions. We do not have an obligation to advertise in particular media, in any particular geographic area, or at all, nor any obligation to spend any particular amount(s) on advertising. We will provide unaudited financial statements for the National Advertising Fund on your request.

You must assign to us all marketing or promotion allowances you may get or become entitled to from suppliers. The assignment form directs them to pay the allowances directly to us. We'll use these funds for public relations, promotion, creating advertising and to reimburse our administrative costs and agency fees and related overhead.

In a brand crisis that brings media attention, you must direct all inquiries to us.

Apart from the advertising associations, discussed above, there is no franchisee advertising council that advises us on advertising.

We do not permit you to use your own advertising material unless you first get our approval of the material. You submit the material to us for approval. We try to respond promptly but we are not required to respond in any particular time.

In the past year, the company spent approximately 100% of the funds collected; spending approximately 80% of the advertising fund on production of advertising; approximately 15% on media placement and approximately 5% on administrative expenses and the balance was retained in the advertising fund.

C. Website and Internet

We can, but we are not obligated to, establish and maintain one or more websites promoting the trademarks and system. We have sole control over the website and social media. We can stop its operation at any time without notice. Unless you get our prior written consent, you are not allowed to establish or maintain a separate website, or a splash page or other presence on the Internet or through any social networking site relating to the operation of the business. If we grant you a right to operate a separate website or Internet presence, you must do so according to our standards and policies in the Manual or otherwise in writing from time to time. We can modify or supplement our policies regarding social media and internet use at any time in writing, whether as part of the Manual or otherwise.

D. Point of Sale System

We require you to use, and our lease to you currently includes the ~~Micros®Oracle~~ point of sale system ("POS"). At the Effective Date of this Disclosure Document, we required ~~the model 3700 version 5.5 or~~ Symphony POS ~~19.419.3~~. (This could change.) The system includes 2 workstations (registers) and 3 kitchen display systems. We obtain this from the manufacturer, ~~Oracle America, Inc. Micros Systems, Inc.~~ They are not affiliated with us. We can replace or make other changes to the POS System. We have independent access to any and all information generated or stored in the POS System. There are no contractual limits on our right to access that information.

You must participate in any computer network, intranet system or extranet system we implement and do so in compliance with standards, protocols, and restrictions we specify. As examples, we could require participation to submit reports, receive updates to Manual(s), or for other communications.

E. Operations Manual

Access to the electronic Operations Manual is available through our Franchise Portal. Its table of contents is attached as Exhibit H to this Disclosure Document. As of the date of this Disclosure Document it consists of approximately 700 pages. By looking at the table of contents you can see the number of pages devoted to each subject.

F. Online Training Education

We provide portions of initial training and on-going training online. You and your General Manager must complete this training.

Our training includes the required use of our online Learning Management System (LMS) which is required for Team member through Operator Training and includes ongoing education for Team member through Operator certification.

We require that you and your General Manager be periodically recertified every five years.

G. Initial Training – Operator-in-Training

We provide initial training and on-going training. You, ~~(51% or more owner if you are an entity), or your General Manager,~~ must complete initial training. This occurs after you sign the Franchise Agreement and must be completed before you open your restaurant. ~~This occurs after you sign the Franchise Agreement and must be completed before you open your restaurant.~~ We may require that such training be completed at least thirty (30) days before opening your Wienerschnitzel.

Classroom training is at our headquarters in Irvine, California. We have the right to also choose another location. Training restaurants are in the Los Angeles Metro Area, Fresno, San Diego, San Jose, California; El Paso and Amarillo, Texas, Phoenix, Arizona; and Albuquerque, New Mexico. You pay your own transportation and living expenses. We provide all training materials and manuals, which consist of our Operations Manual, training videos and our Operator Training Notebook. These are confidential. We offer initial training eight times per year.

~~TRAINING PROGRAM~~

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Instructor
Module One—Basic Restaurant Operations	None in this module	10 hours a day for 6 days a week for 3 weeks	Training Restaurant Trainer & David Kreitlow/Matt Steele
Module Two—Guest Service	None in this module	10 hours a day for 6 days a week for 2 weeks	Training Restaurant Trainer & David Kreitlow/Matt Steele
Module Three—Administration/Coaching/Leadership—General Manager/Franchisee Administration	8 hours a day for 6 days for 1 week	10 hours a day for 6 days a week for 2 weeks	Training Restaurant Trainer & David Kreitlow/Matt Steele
Module Four—Restaurant Opening (required when opening a new restaurant)	None in this module	10 hours a day for 6 days a week for 1 week	Training Restaurant Trainer and David Kreitlow/Matt Steele
Total Training Hours (Estimated)	48 hours	480 hours (530 hours if there will be a new restaurant opening)	See above

Initial Training—Operator-in-Training

Our Operator-in-Training Program is an intense eight-week program that acquaints you with day-to-day requirements of operating a restaurant. The program involves a six-day workweek, averaging ten or more hours per day. You will need to devote additional time for reading and homework. This program is self-paced designed to effectively prepare you to operate as an independent businessperson.

Our training instructors are experienced in operating and instructing others in skills needed to operate, quick service restaurants. Our Training Department has no operational responsibility for the restaurant where you will train, therefore, our efforts focus on providing you a complete training experience. David Kreitlow has ~~47~~⁴⁶ years training experience in quick service restaurants, including ~~41~~⁴⁰ years with Galardi Group. Matt Steele has over ~~16~~¹⁵ years in restaurant training including ~~8~~⁷ years with GGI.

Our training program is divided into four modules (see chart below); consisting of 7 weeks in an approved training restaurant and one week in a classroom environment, which is a total of 8 weeks. An additional 1 week may be spent at a new restaurant opening.

OPERATOR-IN-TRAINING TRAINING PROGRAM CHART

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of On-the-Job Training</u>	<u>Instructor</u>
<u>Module One - Basic Restaurant Operations</u>	<u>None in this module</u>	<u>10 hours a day for 6 days a week for 3 weeks</u>	<u>Training Restaurant Trainer & David Kreitlow/Matt Steele</u>
<u>Module Two –Guest Service</u>	<u>None in this module</u>	<u>10 hours a day for 6 days a week for 2 weeks</u>	<u>Training Restaurant Trainer & David Kreitlow/Matt Steele</u>

<u>Module Three – Administration/Coaching/Leadership – General Manager/Franchisee Administration</u>	<u>8 hours a day for 6 days for 1 week</u>	<u>10 hours a day for 6 days a week for 2 weeks</u>	<u>Training Restaurant Trainer & David Kreitlow/Matt Steele</u>
<u>Module Four – Restaurant Opening (required when opening a new restaurant)</u>	<u>None in this module</u>	<u>10 hours a day for 6 days a week for 1 week</u>	<u>Training Restaurant Trainer and David Kreitlow/Matt Steele</u>
<u>Total Training Hours (Estimated)</u>	<u>48 hours</u>	<u>480 hours (530 hours if there will be a new restaurant opening)</u>	<u>See above</u>

Module One – Basic Restaurant Operations

In the first Module you will learn in the same manner as an employee. This portion of training will be in an approved certified training restaurant. You will work in the kitchen preparing all menu items and perform cleanup and restocking. You will prepare condiments, and perform tasks to open and close the restaurant – including janitorial. Your performance will be evaluated through written evaluations, compliance with station standards and written testing. You must achieve a score of 90% or better to advance to Module Two.

Module Two – Guest Service - Front Counter and Drive through and Tastee Freez

In the second Module you will learn in the same manner as an employee. This portion of training will continue in an approved certified training restaurant. You will work in the service system serving guests, and serving soft serve desserts. You will also get to learn the basics in the daily paperwork of the restaurant. Your performance will be evaluated through written evaluations, compliance with station standards and written testing. You must achieve a score of 90% or better to advance to Module Three.

Module Three – Administration/Coaching/Leadership – General Manager/Franchisee Administration

This Module is a blend of classroom and certified training restaurant level learning. You will improve on your operations skills and learn about the administration side of the business. You must achieve a score of 90% or better to advance to Module Four.

Module Four – New Restaurant Opening

Module Four consists of attending a new restaurant opening. This module is required if you will open a new restaurant. This training is for one week at a new restaurant opening. You will attend a restaurant opening, other than your own, to help prepare you for your restaurant opening.

Classroom training is at our headquarters in Irvine, California. We also have the right to choose another location. Training restaurants are in the Los Angeles, San Diego and San Jose, California; Denver, Colorado; and Amarillo, Texas areas. We pay reasonable local transportation and lodging expenses during training. We provide all training materials and manuals, which consist of our Operations Manual, training videos and our Operator Training Notebook. These are confidential. We offer initial training eight times per year.

You are not compensated for your activities during training, even though they may also benefit us or the operator of a Wienerschnitzel® restaurant.

On-Going Training

Operator and General Manager Certifications must be renewed every 5 years.

Every six months, after you start operating your restaurant, you must attend on-going regional training. This may be in-person at a meeting place in your restaurant's marketing area or by other means, such as a web meeting. This is to help you further develop your restaurant and management skills. A session lasts about four hours. You may attend as many sessions as you wish, and you must attend at least one session per six-month period based on a calendar year.

We offer other online training programs to you or your employees. The cost and subject matter of these programs varies based on subject matter and time required.

H. Initial Training – Apprenticeship Training

Before the opening of your first restaurant, individuals with a 25% or more stake in the business and who are not attending the Operator-in-Training Program may at the discretion of Galardi Group be required to attend an "Apprenticeship Program" consisting of 10 days, 5 days of training which will be training at a Certified Training Restaurant of our choosing and 5 days at our Support Center in California or at a venue of our choosing. We will deem such persons' training complete upon the successful passing of the Apprenticeship Exam and the completion of the "Extended Education" modules within the Apprenticeship Training Program on our "EDU" system. This Apprenticeship Program does not come with a certification to operate a restaurant as a General Manager or Operator.

I. Replacement Training

If one of your Certified Managers, whom has completed the General Manager Training Program, ceases active employment, you must enroll a qualified replacement to complete the General Manager Training Program within 30 days after the former manager's last day of employment. The replacement manager must attend and complete, to our satisfaction, the next regularly scheduled General Manager Training Program. We may require employees that join your Restaurant from other franchised Restaurants to successfully complete the Management Training Program again. We reserve the right to require additional Managers of your Restaurant to attend the Management Training Program, and, if we do, you will be responsible for all expenses we incur in providing the training to these additional Managers. All training attendees must be over the age of 18.

ITEM 12: Territory

The franchise is for a specific location, to be stated in the Operator Agreement. You must conduct only the business of the restaurant there, and can't change the location without our consent. You can do business with customers at your location regardless of where they are from.

You do 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.

There is no restriction on us soliciting or accepting orders from any area, including the area of your franchise. We could conduct sales by internet or other distribution channels or means or other trademarks. You are not compensated for us soliciting or accepting orders in any area you serve. You are not restricted from serving customers at your location from any geographic area. You are not restricted from advertising in any geographic area. We do not permit you to sell off the premises of your restaurant.

We granted franchises under other trademarks and may continue to do so. These include Hamburger Stand®, which offers the same kinds of goods and services as Wienerschnitzel®, as well, and Tastee-Freez®, which emphasizes desserts and offers many of the same items as Wienerschnitzel®. There could be other trademarks in the future. We can operate or grant franchises for these restaurants in your exclusive area. We operate Wienerschnitzel® and the other brands from the same location. We have the right to co-brand other concepts with the Wienerschnitzel® brand. We do not have separate offices or separate training facilities for different brands.

We do not have a specific plan for solving conflicts between franchisees of our different systems as to territory, customers or support; we expect we would consider the matter and act based on our determination of parties' rights and obligations; and/or seek to make adjustments in good faith; however, the specific course of action would depend on the circumstances.

We aren't required to grant you an additional franchise. We don't grant you a first refusal right to buy other franchises. We do not know the conditions in which we would approve your relocation request but we expect it would depend on the circumstances and require you to secure a satisfactory new location, evaluated in relation to your existing location and other criteria we use to evaluate proposed locations at the time, as well as possibly other factors we consider appropriate at the time. We are not required to consent to your request to relocate the franchise.

ITEM 13: Trademarks

The main trademarks you are licensed to use are the word "Wienerschnitzel®" and our logo, shown on the cover of this Disclosure Document and shown below. The registrations are in the US Trademark Office on the Principal Register. All required Affidavits were filed for marks including continued use and renewals. The registered owner is Galardi Group Franchise & Leasing, Inc. We have not registered these marks with the trademark administrator of any state.

We have the following registrations on the principal register in the U.S. Patent and Trademark Office:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Wienerschnitzel®	859072	October 22, 1968
	1823395	February 22, 1994



4875886

December 22, 2015

There are no material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board or any state trademark administrator or court; and no pending infringement, opposition or cancellation proceeding involving these trademarks, except as follows: We may on occasion bring an action for trademark infringement against a terminated franchisee who continues to use our trademarks without authorization. There aren't any agreements in effect that significantly limit our rights to license the use of the marks to you. We don't know of any superior rights or infringing uses of the marks that could materially affect your use of them.

We do not have to defend you against any infringement, unfair competition or other claim regarding your use of our marks. You must stop using any mark when the franchise ends. We can require you to change marks. We don't have to compensate you for making you change marks.

The Franchise Agreement does not state a requirement for you to notify us of the use of or claim of rights to an identical or confusingly similar trademark. We are not required to take action if notified of such uses or claims. We claim the right to control administrative proceedings or litigation involving a trademark licensed by us to you, though the Franchise Agreement is silent on this.

We own the domain www.wienerschnitzel.com. You cannot register as a domain name any of our Marks or similar words. We have the sole right to advertise on the Internet and create, use, or stop using a website containing the Marks. Unless we consent in writing, you must not link or frame our website, conduct any business or offer to sell or advertise any products or services on the web, or create or register any Internet domain name connected with your franchise.

ITEM 14: Patents, Copyrights and Proprietary Information

We registered the copyright of an earlier version of our Operations Manual in the Copyright Office of the Library of Congress in 1976 (no. 801001). The duration of that copyright is believed to be 95 years. The current version is two (2) volumes. It has instructions, techniques and specifications required in operating a Wienerschnitzel® restaurant. The table of contents is Exhibit H to this Disclosure Document.

We also claim copyright ownership in advertising we develop, advertising we provide you, our website (www.wienerschnitzel.com), the Tastee-Freez® website (www.tasteefreez.com), our restaurant décor, packaging and other materials we create. Otherwise, there aren't any copyrights material to the franchise but this is not a waiver of our other copyright rights.

We don't have a contractual obligation to protect copyrights or defend you against claims from your use of the copyrighted Operations Manual. We are not obligated to take affirmative action if notified of infringement, or indemnify you for expenses or damages in proceedings involving the Operations Manual.

You must keep the contents of your franchise agreement confidential. We also consider other information we provide you to be trade secrets and you must keep this information confidential. This

includes ingredients, business methods, contents of the Operation Manual, and other information we designate as confidential. You must keep your employees from disclosing this information, and if we ask, require them to sign confidentiality agreements.

We may modify the Operations Manual under any conditions and to any extent we decide, such as to meet or anticipate competition, protect trademarks or trade names, or improve products and services. The Franchise Agreement does not grant you rights if we modify or require you to stop using the Operations Manual.

We do not own or license rights in any patents that are material to the franchise. We do not have any patent application pending.

ITEM 15: Obligation to Participate in the Actual Operation of the Franchise Business

You or someone we approve must be designated as general manager and have full operational control of the restaurant. Any general manager is subject to our approval. We recommend but don't require that you operate the franchise personally on the premises. You or your manager must have completed our ongoing training program (Described in Item 11).

If your company is an entity, it must be closely held. We don't require that your manager have an ownership interest. We'll require you to sign a personal guaranty. You or your general manager or majority owners must have completed our training program within 6 months prior to opening your Wienerschnitzel. These certifications must be renewed every 5 years.

ITEM 16: Restrictions on What the Franchisee May Sell

You must sell all the items we designate and you can't sell anything else without our approval. Everything you sell must be high quality and prepared according to our specifications. You can sell only at retail (not at wholesale) and only at the restaurant location.

You can't have any vending machine, video or pinball game or coin or token operated machine at the restaurant. Liquor, drugs, and illegal substances aren't allowed on the premises.

There is no restriction on the customers you may sell to.

We can change or discontinue any products or services authorized for Wienerschnitzel® restaurants. There is no restriction on our right to do so. You must change or stop offering any product or service within the time we state.

Subject to our consent, you may utilize a third-party delivery service to facilitate sales to your customers.

ITEM 17: Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Operator Agreement

(Please also see Notes 1 through 7 following the tables in this Item 17)

Provision	Section in Agreement	Summary
A. Length of the franchise term	Section 2	Month-to-Month
B. Renewal or extension of the term	None	This agreement is month-to-month and does not give you a right to renew or extend.
C. Requirements for franchisee to renew or extend	None	Not applicable because you don't have a right to renew or extend.
D. Termination by franchisee	Section 3	You must give us at least 30 days written notice of your intention to terminate this agreement.
E. Termination by franchisor without cause	Section 3	We can terminate the agreement by giving you written notice as little as 7 days before expiration of the term.
F. Termination by franchisor with cause	Section 14	We can terminate by reason of default if you commit one of the listed defaults and/or we can enter your premises & remove persons and/or property.
G. "Cause" defined – curable defaults	Section 14(A)	Your failure to observe any provisions of the agreement that continues for 5 days after written notice from us.
H. "Cause" defined – non-curable defaults	Section 14(A)	You abandon the premises; fail to make any payment of rent or additional rent when due; falsify any records or reports to us; you make an assignment for benefit of creditors; a bankruptcy petition or declaration; appointment of a trustee or receiver or keeper; attachment, execution or seizure of your assets or interest in the Operator Agreement.
I. Franchisee's obligations on termination/non-renewal	Section 14, 19, 20 & 22	If termination is due to your default you pay us \$5,000 liquidated damages. You also pay all monies due us including interest & \$250 late charge on each delinquent payment; \$1,500 rent per day for each day you stay in possession after termination; & \$250 of your security deposit to cover closing costs. You must stop use of our system, marks, trade secrets, colors, symbols, and anything that identifies you as one of our operators or a former operator; and return all materials loaned to you by us.
J. Assignment of contract by franchisor	None	We can assign the Agreement.
K. "Transfer" by franchisee – defined	Section 13	Transfer includes assigning, subleasing, mortgaging the Operator Agreement or allowing others to occupy or use the premises.
L. Franchisor's approval of transfer by franchisee	Section 13	You may not assign, sublease, mortgage the agreement or permit others to occupy or use any part of the premises without our prior written consent.
M. Conditions for franchisor approval of transfer	Section 13	As conditions to approving an assignment we could impose conditions such as you must be in good standing with us, your proposed buyer must prove to us that he/she meets our financial and managerial requirements and agrees to any training or testing we may require. We may require you to sign a continuing guaranty and a mutual termination agreement.
N. Franchisor's right of first refusal to acquire franchisee's business	None	Not Applicable
O. Franchisor's option to purchase franchisee's business	None	Not Applicable
P. Death or disability of franchisee	None	Not Applicable
Q. Non-competition covenants during the term of the franchise	None	Not Applicable

R. Non-competition covenants after the franchise is terminated or expires	None	Not Applicable
S. Modification of the agreement	None	Agreement may not be modified except by a writing signed by all parties.
T. Integration/merger clause	Section 24	Only the terms of the franchise agreement are binding (subject to state law). Nothing in the agreement or in any related agreement is intended to disclaim the representations franchisor made in the Franchise Disclosure Document.
U. Dispute resolution by arbitration or mediation	None	Not Applicable
V. Choice of forum	Section 26	All legal actions must be brought in Orange County, California, subject to state law
W. Choice of law	Section 26	California law applies.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
2. Neither the franchisor, any person or franchise broker in Item 2 of the UFDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling these persons from membership in this association or exchange.
3. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
4. The Operator Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).
5. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
6. The operator Agreement does not prevent modification. But it may be modified by a written agreement between us. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of the Department of Financial Protection and Innovation before we ask you to consider a material modification of your franchise agreement.
7. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act. (Business and Professions Code Sections 20000 through 20043).
8. OUR WEBSITE IS: WWW.WIENERSCHNITZEL.COM
9. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS

CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

10. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
11. Each of the agreements requires application of the laws and forum of Orange County, California. This provision may not be enforceable under California law.
12. 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.
13. The Department has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a cash infusion. Franchisor infused \$208,000 into its business account on April 19, 2021 and agreed to maintain \$100,000 during the registration period.

ITEM 18: Public Figures

We do not use any public figure to promote our franchise.

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 this Item 19 may be given only if: (1) a franchisor provides the actual records or 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.

Wienerschnitzel® ~~2021~~2022 Sales

1	2	3	4
Top 25% (Top Quartile)	Second 25% (Second Quartile)	Third 25% (Third Quartile)	Fourth 25% (Fourth Quartile)
\$1,572,851 \$1,591,340	\$1,195,946 \$1,233,605	\$1,002,131 \$1,030,107	\$758,627 \$771,349

Notes:

1. Column 1 shows the average of net sales for the top 25% of Wienerschnitzel® restaurants that operated for the entire calendar year ~~2021~~2022. This is 1/4th of the number of Wienerschnitzel® restaurants that operated for the full year. Column 2 shows the average for the second 25%, Column 3 shows the average for the third 25% and column 4 shows the average of net sales for the fourth 25% of Wienerschnitzel® restaurants that operated for the entire calendar year ~~2021~~2022.
2. These are historic, unaudited financial performance representations regarding all Wienerschnitzel® restaurants open and operating for the full calendar year ~~2021~~2022.

Wienerschnitzel® restaurants described in this table are in the States of Arizona, California, Colorado, Illinois, Louisiana, New Mexico, Nevada, Texas, Utah, and Washington State. This information is based on information reported to us by our franchisees. ~~226~~ Wienerschnitzel® restaurants operated for only part of calendar year ~~2021~~2022. Results for restaurants that operated for less than the full calendar year are not included in the above table. Restaurants considered to be operating for less than the full calendar year were those restaurants that were not already open and operating as of January 1, ~~2021~~2022 or that did not operate as of December 31, ~~2021~~2022.

3. These restaurants had characteristics that may differ from your franchise. Some differences are as follows. The locations of these restaurants are different than your location. Your restaurant may be in a location with different characteristics. Many of these restaurants have been open and operating for several years, and thus have been open and operating longer than your restaurant. They had more time to develop a reputation in the community and relations with customers and others. Some restaurants operate under our full franchise, some under our business and facility franchise and some under our limited franchise program. Each has different characteristics. You will operate under one of these programs.
4. The revenue figures do not reflect costs and expenses, such as food and labor costs, rent and other operating costs, which must be deducted from revenue or sales to obtain your net income or profit. Costs and expenses may vary. ~~You should conduct an independent investigation of costs and expenses you will incur in operating your franchise business.~~ Franchisees or former franchisees, listed in the disclosure document, may be once source of this information.
5. Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.
6. Sales for ~~2021~~2022 were low: \$441,675, median: \$1,050,236, and high: \$1,943,011.
7. Written substantiation for the above statements will be made available to the prospective franchisee on reasonable request.

Wienerschnitzel® Year By Year Change in Sales Volume

2012	2013	2014	2015	2016
2.1%	1.7%	4.2%	3.61%	3.28%

2018 2017	2019 2018	2020 2019	2021 2020	2022 2021
5.23% 2.18%	4.53% 5.23%	16.83% 4.53%	11.90% 16.83%	2.00% 11.90%

Notes:

1. Each column shows the percentage change in system wide restaurant sales in the calendar year, compared to the prior calendar year. For example, the dollar amount of system wide restaurant sales in calendar year ~~2021~~2022 was ~~-2%~~4.93% less than the dollar amount of system wide restaurant sales in calendar year ~~2021~~2018 from originally reported sales.
2. These are historic, unaudited financial performance representations regarding all Wienerschnitzel® restaurants open and operating for the full calendar year indicated, and for the prior full calendar year. For example, the data for ~~2021~~2022 is for all Wienerschnitzel®

restaurants open and operating for the full calendar years ~~2020~~2021 and ~~2021~~2022. Wienerschnitzel® restaurants described in this table are in Arizona, California, Colorado, Illinois, Louisiana, New Mexico, Nevada, Texas, Utah, and Washington State. The information is based on information reported to us by franchisees. For each year indicated, some restaurants did not operate for the entire year and entire prior year. Data for restaurants that did not operate for the entire year identified in a column, and entire prior year, are not included in the data for a column.

3. These restaurants had characteristics that may differ from your franchise. Some differences are as follows. The locations of these restaurants are different than your location. Your restaurant may be in a location with different characteristics. Many of these restaurants have been open and operating for several years and thus have been open and operating longer than your restaurant. They had more time to develop a reputation in the community and relations with customers and others. Some restaurants operate under our full franchise, some under our business and facility franchise and some under our limited franchise program. Each has different characteristics. You will operate under one of these programs.
4. In the first year your restaurant operates, there will not be a prior year of operation to compare to. Probably your first year of operation will not be a full calendar year. Therefore, in the second year your restaurant operates, there also will not be a full prior year to compare to. You cannot achieve these results before the third year that you operate, and this does not mean you will achieve these results in that year, or ever.
5. The revenue figures do not reflect costs and expenses, such as food and labor costs, rent and other operating costs, which must be deducted from revenue or sales to obtain your net income or profit. Costs and expenses vary. You should conduct an independent investigation of costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.
6. Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.
7. Written substantiation for the above statements will be made available to the prospective franchisee on reasonable request.

ITEM 20: Outlets & Franchisee Information

Table No. 1
For Years ~~2019~~2020 to ~~2021~~2022
Wienerschnitzel® Limited

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Limited Franchise	2019	60	64	+4
	2020	61	63	+2
	2021	63	66	+3
	2022	66	66	0

Total Outlets				
---------------	--	--	--	--

	2019	60	64	+1
	2020	61	63	+2
	2021	63	66	+3
	<u>2022</u>	<u>66</u>	<u>66</u>	<u>0</u>

Table No. 1
Systemwide Outlet Summary
For Years ~~2019~~2020 to ~~2021~~2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Full Franchise	2019	253	253	0
	2020	253	253	0
	2021	251	246	-5
	<u>2022</u>	<u>246</u>	<u>243</u>	<u>-3</u>
Business & Facility Franchise	2019	7	5	-2
	2020	5	4	-1
	2021	4	4	0
	<u>2022</u>	<u>4</u>	<u>4</u>	<u>0</u>
Limited Franchise	2019	60	64	+4
	2020	61	63	+2
	2021	63	66	+3
	<u>2022</u>	<u>66</u>	<u>65</u>	<u>-1</u>
Express	2019	6	7	+1
	2020	7	7	0
	2021	7	7	0
	<u>2022</u>	<u>7</u>	<u>1</u>	<u>-6</u>
Company Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2019	326	326	0

	2020	326	327	+1
	2021	325	323	-2
	2022	323	313	-10

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years ~~2019~~2020 to ~~2021~~2022
Wienerschnitzel® Limited

State	Year	Number of Transfers
Arizona	2019 2020 2021 2022	0 0 0 0
California	2019 2020 2021 2022	0 0 0 0
Colorado	2019 2020 2021 2022	0 0 0 0
Nevada	2019 2020 2021 2022	0 0 0 0
Texas	2019 2020 2021 2022	0 0 0 0
All Other States	2019 2020	0 0

	2021 2022	0 0
Total	2019 2020 2021 2022	0 0 0 0

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor)
For Years ~~2019~~2020 to ~~2021~~2022
Wienerschnitzel® Systemwide
Wienerschnitzel® Full, Limited, Business & Facility and Express

State	Year	Number of Transfers
Arizona	2019 2020 2021 2022	0 0 2 0
California	2019 2020 2021 2022	3 5 10 11
Colorado	2019 2020 2021 2022	0 0 5 1
Nevada	2019 2020 2021 2022	0 1 0 2
Texas	2019	0

	2020 2021 <u>2022</u>	0 1 <u>0</u>
All Other States	<u>2019</u> 2020 2021 <u>2022</u>	<u>0</u> 0 1 <u>3</u>
Total	<u>2019</u> 2020 2021 <u>2022</u>	<u>3</u> 6 19 <u>17</u>

Table No. 3
Status of Franchise Outlets for Years ~~2019~~2020 to ~~2021~~2022
Wienerschnitzel® Limited

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2019 2020 2021 <u>2022</u>	5 5 6 <u>8</u>	0 1 2 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	5 6 8 <u>8</u>
California	2019 2020 2021 <u>2022</u>	34 34 36 <u>37</u>	0 0 1 <u>2</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>1</u>	34 34 37 <u>38</u>
Colorado	2019 2020 2021 <u>2022</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>
Illinois	2019 2020	0 0	0 0	0 0	0 0	0 0	0 0	0 0

	2021 2022	0 0	0 0	0 0	0 0	0 0	0 0	0 0
Louisiana	2019 2020 2021 2022	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0
New Mexico	2019 2020 2021 2022	7 7 7 7	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	7 7 7 7
Nevada	2019 2020 2021 2022	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0
Texas	2019 2020 2021 2022	15 15 14 14	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 1 0 1	15 14 14 13
Utah	2019 2020 2021 2022	0 0 14 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 14 0
Washington	2019 2020 2021 2022	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0	0 0 0 0
Total	2019 2020 2021 2022	64 61 63 66	0 1 3 2	0 0 0 0	0 0 0 0	0 0 0 0	0 1 0 2	64 61 66 66

Table No. 3
Status of Franchise Outlets for Years ~~2019~~2020 to ~~2021~~2022
Wienerschnitzel Systemwide
Wienerschnitzel® Full, Limited, Business & Facility and Express

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non- Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2019	15	0	0	0	0	1	14
	2020	14	1	0	0	0	0	15
	2021	15	2	0	0	0	2	15
	2022	15	0	0	0	0	0	15
California	2019	228	5	0	0	0	5	228
	2020	228	6	0	0	0	8	226
	2021	226	4	0	0	0	4	226
	2022	226	2	0	0	0	7	221
Colorado	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	1	0	0	0	1	7
	2022	7	0	0	0	0	5	2
Illinois	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Louisiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Mexico	2019	12	1	0	0	0	1	12
	2020	12	1	0	0	0	0	13
	2021	13	0	0	0	0	0	13

	<u>2022</u>	<u>13</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
Nevada	2019 2020 2021 <u>2022</u>	11 11 11 <u>10</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 1 <u>0</u>	11 11 10 <u>10</u>
Texas	2019 2020 2021 <u>2022</u>	42 45 44 <u>44</u>	3 0 1 <u>2</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 1 1 <u>1</u>	45 44 44 <u>45</u>
Utah	2019 2020 2021 <u>2022</u>	7 7 7 <u>6</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 1 <u>0</u>	7 7 6 <u>6</u>
Washington	2019 2020 2021 <u>2022</u>	1 1 2 <u>2</u>	0 1 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	1 2 2 <u>2</u>
Total	2019 2020 2021 <u>2022</u>	325 326 327 <u>325</u>	9 9 7 <u>4</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	0 0 0 <u>0</u>	7 9 9 <u>13</u>	326 327 325 <u>316</u>

Attached as Exhibit I is a list of names, addresses and phone numbers of Wienerschnitzel® franchisees and Wienerschnitzel® franchisees who were terminated, cancelled or not renewed in our last fiscal year.

It is possible that in some instances, current and former franchisees could sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but not all franchisees will be able to communicate with you. In the last three fiscal years, all franchise agreements include confidentiality clauses to not share the contents of the franchise agreement with third parties.

Table No. 4
Status of Company Owned Outlets for Years ~~2019~~2020 to ~~2021~~2022
Wienerschnitzel® Limited

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
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Table No. 4
Status of Company Owned Outlets for Years ~~2019~~2020 to ~~2021~~2022
Wiener Schnitzel® Systemwide
Wiener Schnitzel® Full, Limited, Business & Facility and Express

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
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Table No. 5
Projected Openings as of December 31, ~~2021~~2022
Wiener Schnitzel® Limited

State	Franchise Agreements Signed but Outlet Not Opened	Projected Franchised New Outlet in the Next Fiscal Year	Projected New Company-owned Outlets in the Current Fiscal Year
Arizona	0	0	0
California	0	0	0

Colorado	0	0	0
Idaho	0	0	0
Louisiana	0	0	0
Nevada	0	0	0
New Mexico	0	0	0
Texas	0	0	0
Utah	0	0	0
Washington	0	0	0
Total	0	0	0

Table No. 5
Projected Openings as of December 31, ~~2021~~2022
Wiener Schnitzel® Systemwide
Wiener Schnitzel® Full, Limited, Business & Facility and Express

State	Franchise Agreements Signed but Outlet Not Opened	Projected Franchised New Outlet in the Next Fiscal Year	Projected New Company-owned Outlets in the Current Fiscal Year
Arizona	0 1	0 0	0
Arkansas	4	1 3	0
California	8 8	6 4	0
Colorado	2 2	1 1	0
Idaho	3 3	1 1	0
Louisiana	4 1	1 0	0
Nebraska	1	0	0
Nevada	0 0	0 0	0
New Mexico	0 0	0 0	0
Texas	3 3	2 2	0
Utah	0 0	0 0	0
Washington	1 1	1 1	0
Total	2 24	1 312	0

If you buy this franchise, your contact information may be disclosed to other buyers while you are a franchisee and when you leave the franchise system.

Attached as Exhibit J is a list of names and contact information for each franchisee advertising association associated with Wiener Schnitzel®.

ITEM 21: Financial Statements

Attached as Exhibit A are the audited financial statements of GGFC for the last three fiscal years ending December 31, ~~2021~~2022, December 31, ~~2020~~2021 and December 31, ~~2019~~2020.

ITEM 22: Contracts

We've attached the following agreements as Exhibits:

B	<u>Limited Franchise and Lease Agreement</u> Franchise Agreement
C	<u>Amendment to Limited Franchise and Lease Agreement</u> Offer to Purchase
D	<u>Promotional Allowance Assignment</u> Sublease
E	<u>Direct Debit Agreement</u> Promissory Note
F	<u>Promissory Note</u> Equipment Lease
G	Guaranty
H	<u>Operations Manual Table of Contents</u> Advertising Association Agreement
I	<u>Promotional Allowance Assignment</u>
J	<u>Consent to Transfer Agreement</u>
K	<u>Franchisor's Right to Cure Default (Lender)</u>
L	<u>Franchisor's Right to Cure Default & Consent to Assignment Agreement (Landlord)</u>
M	<u>Direct Debit Agreement</u>
N	<u>Operations Manual Table of Contents</u>
T	<u>SBA Addendum</u>

ITEM 23: Receipts

The last two pages, Exhibit O, are Receipts acknowledging receipt of the disclosure document by you (one copy for you and one to be signed and returned to us).

EXHIBIT A
FINANCIALS

**Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)**

Financial Statements

December 31, 2022

Galardi Group Franchise Corp. (A Subsidiary of Galardi Group, Inc.)

Table of Contents
December 31, 2022

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Balance Sheets	3
Statements of Operations and Accumulated Deficit	4
Statements of Cash Flows	5
Notes to Financial Statements	6

Independent Auditors' Report

To the Board of Directors of
Galardi Group Franchise Corp.,

Opinion

We have audited the financial statements of Galardi Group Franchise Corp. (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations and accumulated deficit, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our 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.

Other Matter

The financial statements of the Company as of and for the years ended December 31, 2021 and 2020 were audited by another auditor, who expressed unmodified opinions on those statements on March 28, 2022 and March 31, 2021, respectively.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' 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, misinterpretations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the 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 of 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 the Company'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 financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Baker Tilly US, LLP

Los Angeles, California
April 3, 2023

Galardi Group Franchise Corp. (A Subsidiary of Galardi Group, Inc.)

Balance Sheets

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets		
Cash and cash equivalents	<u>\$ 727,369</u>	<u>\$ 723,978</u>
Noncurrent Assets		
Due from Affiliates and Parent	495,788	418,506
Deferred income taxes	<u>634,143</u>	<u>556,000</u>
Total noncurrent assets	<u>1,129,931</u>	<u>974,506</u>
Total assets	<u><u>\$ 1,857,300</u></u>	<u><u>\$ 1,698,484</u></u>
Liabilities and Stockholder's Deficit		
Current Liabilities		
Accrued expenses	\$ 14,828	\$ -
Current portion of deferred franchise fees	<u>444,912</u>	<u>487,911</u>
Total current liabilities	459,740	487,911
Long-Term Liabilities		
Deferred franchise fees, net of current portion	<u>2,401,922</u>	<u>2,250,633</u>
Total liabilities	<u>2,861,662</u>	<u>2,738,544</u>
Stockholders' Deficit		
Common stock, no par value, 1,000 shares authorized, issued, and outstanding	150,000	150,000
Accumulated deficit	<u>(1,154,362)</u>	<u>(1,190,060)</u>
Total stockholders' deficit	<u>(1,004,362)</u>	<u>(1,040,060)</u>
Total liabilities and stockholders' deficit	<u><u>\$ 1,857,300</u></u>	<u><u>\$ 1,698,484</u></u>

See notes to financial statements

Galardi Group Franchise Corp. (A Subsidiary of Galardi Group)Statements of Operations and Accumulated Deficit
Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
Revenues			
Location fees	\$ -	\$ 9,735	\$ 9,735
Initial franchise fees	80,120	63,563	96,538
Franchise extension fees	374,910	213,671	208,195
Other income	9,747	4,655	-
	<u>464,777</u>	<u>291,624</u>	<u>314,468</u>
Cost and Expenses	494,985	511,609	498,808
Interest Income	<u>3,391</u>	<u>972</u>	<u>9,039</u>
Loss before benefit from income taxes	(26,817)	(219,013)	(175,301)
Income Tax Benefit	<u>(62,515)</u>	<u>(99,200)</u>	<u>(98,754)</u>
Net income (loss)	35,698	(119,813)	(76,547)
Accumulated Deficit, Beginning	<u>(1,190,060)</u>	<u>(1,070,247)</u>	<u>(993,700)</u>
Accumulated Deficit, Ending	<u>\$ (1,154,362)</u>	<u>\$ (1,190,060)</u>	<u>\$ (1,070,247)</u>

See notes to financial statements

Galardi Group Franchise Corp. (A Subsidiary of Galardi Group, Inc.)

Statements of Cash Flows

Years Ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities			
Net income (loss)	\$ 35,698	\$ (119,813)	\$ (76,547)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Deferred income tax benefit	(78,143)	(128,000)	(50,000)
Changes in operating assets and liabilities:			
Income taxes receivable	-	28,000	8,100
Accrued expense	14,828	-	-
Franchise deposits	-	51,612	217,564
Deferred franchise fees	108,290	239,316	(49,400)
Net cash provided by operating activities	80,673	71,115	49,717
Cash Flows From Investing Activities			
Due from Affiliates and Parent	(77,282)	137,857	350,793
Net cash (used in) provided by investing activities	(77,282)	137,857	350,793
Cash and Cash Equivalents, Beginning	723,978	515,006	114,496
Cash and Cash Equivalents, Ending	<u>\$ 727,369</u>	<u>\$ 723,978</u>	<u>\$ 515,006</u>
Supplemental Disclosure of Cash Flow Information			
Cash paid during the year:			
Income taxes	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements

Galardi Group Franchise Corp. (A Subsidiary of Galardi Group, Inc.)

Notes to Financial Statements

December 31, 2022

1. Organization and Business

Galardi Group Franchise Corp. (the Company) was incorporated as Wienerschnitzel Franchise Corp. on August 9, 1982 and was formerly a wholly owned subsidiary of Galardi Group, Inc. (the Parent). The Company sells franchises for the operation of retail establishments known as Wienerschnitzel and Hamburger Stand restaurants. In December, 2002 Galardi Group Franchise and Leasing, LLC (the Affiliate), also a subsidiary of the Parent, was formed for the purpose of conducting all fast-food restaurant-related business, subsequent to the initial sales of the franchises to franchisees by the Company.

2. Summary of Significant Accounting Policies

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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Estimates are used for, but not limited to deferred income taxes. Actual results could differ from such estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2022 and 2021.

Revenue Recognition

The Company recognized revenue in accordance with Accounting Standards Codification (ASC) No. 606, *Revenue from Contracts with Customers* (ASC No. 606). ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Revenue is recognized when or as the performance obligation has been satisfied and control of the product has transferred to the customer. In evaluating the timing of the transfer of control of products to customers, the Company considers several indicators, including significant risks and rewards of products or services, the right to payment, and the legal title of the products or services. Deferred franchise fees represents billings or payments received in advance of services performed.

The Company derives its revenues primarily from the sale of initial franchise licenses and extensions for its trade name, operating systems, and products. The Company determined that the services provided in exchange for these initial franchise license and extension fees, are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise license and extension fees are recognized as revenue over the term of the franchise agreements on a straight-line basis, consistent with the franchisee's right to use and benefit from the tradename, operating systems, and products. The commencement date of the recognition of the initial franchise license and extension fees begin upon the completion of training and installation of equipment, substantially when the retail store opens. Payment for the initial franchise licenses and extension fees consists of a fixed fee that is due at the time the franchise or extension agreement is entered into and is recorded as a franchise or extension deposit. Upon commencement of the store opening, the franchise or extension deposit is reclassified as a contract liability and recognized over time, generally over 20 years or as defined by the franchise agreement. The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under ASC 606.

The Company recognizes its location fee revenue from granting exclusive rights to the owner of franchise restaurants in a particular geographic area. The Company's performance obligation is satisfied over the period of time. Revenues are recognized evenly over the life of the location rights generally over 20 years. Payment for the location rights consists of a fixed fee that is due at the time the agreement is entered into and is recorded as a contract liability until earned. The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under ASC No. 606.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes resulting from temporary differences. Such temporary differences result from differences in the carrying value of assets and liabilities for tax and financial reporting purposes.

Temporary differences arise principally from the use of the allowance method of bad debt recognition for financial reporting purposes and the direct write-off method for income tax purposes; differences in depreciation methods used for book and tax purposes; capitalization of certain handling, storage and administrative expenses for income tax purposes only; differences in required methods for reporting pension expense; timing of deductions of contracts payable to former officers; and recognition of an allowance for obsolete inventory for financial reporting purposes only. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Concentrations of Credit Risk

The Company maintains its cash and cash equivalents in one bank deposit account which, at times, may exceed federally insured limits. The Company has not experienced any losses in such account and does not believe it is exposed to any significant credit risk from cash and cash equivalents.

The Company's exposure to losses on receivables is principally dependent on the Affiliate's financial condition.

Recent Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses*. This guidance requires immediate recognition of management's estimates of current expected credit losses. Under the previous model, losses were recognized only as they were incurred, which FASB noted delayed recognition of expected losses that might not yet have met the threshold of being probable. The ASU also broadens the information that an entity must consider in developing its expected credit loss estimated for all assets. The new model applies to all financial instruments that are not accounted for at fair value through net income. This update is effective for financial statements issued for annual periods beginning after December 15, 2022 including interim periods within those fiscal years. The Company is currently evaluating the effects of this new guidance.

In January 2017, FASB issued ASU No. 2021-02, *Franchisors - Revenue from Contracts with Customers: Subtopic 952-606*. As a practical expedient, Subtopic 952-606 permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. Additionally, an accounting policy election to recognize the pre-opening services as a single performance obligation is provided. Subtopic 952-606 is effective for the Company's year ended December 31, 2021. The Company did not elect to adopt the practical expedient in this ASU and, therefore, the implementation of this ASU has no impact on the financial statements for the year then ended.

Galardi Group Franchise Corp. (A Subsidiary of Galardi Group, Inc.)

Notes to Financial Statements

December 31, 2022

3. Deferred Franchise Fees

The majority of the Company's franchise agreements contain consideration terms for fees to be paid before the franchise is sold and operational. The fees are reflected as deferred franchise fees on the balance sheets until recognized and classified as current or noncurrent, depending on when the revenue will be recognized. Upon receipt of an initial franchise fees from a franchisee, the Company recognizes it as deferred franchise fees in the amount of the payment for its performance obligation to provide franchise rights in the future. Deferred franchise fees at December 31, 2022 and 2021 were \$2,401,922 and \$2,250,633, respectively.

4. Due From Affiliates and Parent

Receivable from Affiliate is mainly comprised of franchise fees and refundable deposits collected by the Affiliate on behalf of the Company, net of related allocated expenses and franchise licenses made by the Affiliate on behalf of the Company. During the years ended December 31, 2022, 2021, and 2020, fees and deposits received by the Affiliate on behalf of the Company, net of refunds, amounted to \$563,246, \$575,395, and \$533,718, respectively. During the years ended December 31, 2022, 2021, and 2020, allocated expenses charged by the Affiliate amounted to \$484,665, \$503,591, and \$482,011, respectively, and other payments made by the Affiliate on behalf of the Company amounted to \$650, \$208,650, and \$400,000, respectively. As of December 31, 2022 and 2021, the net receivable from Affiliate amounted to \$442,042 and \$364,761, respectively. The remaining balance is composed of a net receivable of \$53,745 and \$53,745 due from the Parent and other related parties.

5. Income Taxes

The provision (benefit) for the years ended December 31 consists of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current:			
Federal	\$ 14,828	\$ 22,800	\$ (49,554)
State	<u>800</u>	<u>6,000</u>	<u>800</u>
	15,628	28,800	(48,754)
Deferred:			
Federal	(57,757)	(80,000)	(22,000)
State	<u>(20,386)</u>	<u>(48,000)</u>	<u>(28,000)</u>
	(78,143)	(128,000)	(50,000)
Total	<u>\$ (62,515)</u>	<u>\$ (99,200)</u>	<u>\$ (98,754)</u>

The effective tax rate differs from the combined federal and state tax rates primarily due to permanent differences, foreign income tax, and remeasurement of deferred tax assets.

The tax effects of temporary differences that give rise to the deferred tax assets at December 31, 2022 are presented as follows:

Deferred tax assets:	
Deferred revenue	\$ 648,963
Net operating losses	32,133
State tax	<u>(46,953)</u>
Total deferred tax assets	<u>\$ 634,143</u>

The Company establishes a valuation allowance when it is more likely than not that the Company's recorded net deferred tax asset will not be realized. In determining whether a valuation allowance is required, the Company must take into account all positive and negative evidence with regard to the utilization of a deferred tax assets. As of December 31, 2022, there was no valuation allowance for deferred tax assets.

As of December 31, 2022, the Company had net operating loss carryforwards for federal and state income tax purposes of approximately \$0 for Federal and \$363,499 for California. The utilization of net operating loss carryforwards may be limited under the provisions of Internal Code Section 382 and similar state provisions due to a change in ownership.

The Company has not recognized any liability for unrecognized tax benefits. The Company expects any resolution of unrecognized tax benefits, if created, would occur while the full valuation allowance of deferred tax assets is maintained; therefore, the Company does not expect to have any unrecognized tax benefits that, if recognized, would affect the effective tax rate.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion of all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax assets, projected future taxable income, and tax planning strategies in making this assessment.

6. Commitments and Contingencies

Affiliate Debt Guaranteed by the Company

The franchise agreements (generally 20 years) issued by the Company require the Company to make available to a purchaser of a franchise, initial training in the operational aspects of Wienerschnitzel or Hamburger Stand Restaurants, which is provided by the Affiliate. In addition, the Affiliate provides continued training, marketing, testing and accounting services for fees paid by the purchaser of a franchise to the Affiliate. The Company guarantees the full performance of these services by the Affiliate. Costs associated with these services relating to initial training are billed to the Company by the Affiliate as allocated expenses, however, the services supplied by the Affiliate may not necessarily have been provided at terms available from unrelated entities. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the conditions that would have existed if the Company had operated as an independent entity since the Company and its Parent and Affiliate have cross guarantees on the respective affiliate's financial obligations.

The long-term debt of the Affiliate in the total amount of \$5,470,821 and \$7,277,401, respectively, as of December 31, 2022 and 2021 has been guaranteed by the Company and the Parent.

Litigation

Periodically, the Company is involved in litigation in the normal course of business. The Company believes that the result of any potential litigation will not have a material adverse effect on the Company's financial condition.

7. Subsequent Events

The Company has performed an evaluation of subsequent events through April 3, 2023, which is the date the financial statements were available for issuance.

GALARDI GROUP FRANCHISE CORP.
(A Subsidiary of Galardi Group, Inc.)
Financial Statements
December 31, 2021
With Independent Auditor's Report

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Table of Contents
December 31, 2021

Independent Auditor's Report	1-2
Financial Statements	
Balance Sheet	3
Statement of Operations and Accumulated Deficit	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Galardi Group Franchise Corp.,
(A Subsidiary of Galardi Group, Inc.):

Opinion

We have audited the financial statements of Galardi Group Franchise Corp. (the "Company"), which comprise the balance sheet as of December 31, 2021, and the related statements of operations and accumulated deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 the Company 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 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 the Company'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company'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.

Withum Smith & Brown, PC

March 28, 2022

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Balance Sheet
December 31, 2021

Assets

Current assets

Cash	\$ 723,978
------	------------

Non-current assets

Receivable from affiliate - net	418,506
---------------------------------	---------

Deferred income taxes	<u>556,000</u>
-----------------------	----------------

Total non-current assets	<u>974,506</u>
--------------------------	----------------

Total assets	<u>\$ 1,698,484</u>
--------------	---------------------

Liabilities and Stockholders' Deficit

Current liabilities

Current portion of contract liabilities	<u>\$ 487,911</u>
---	-------------------

Long term liabilities

Franchise deposits	692,575
--------------------	---------

Contract liabilities	<u>1,558,058</u>
----------------------	------------------

Total liabilities	<u>2,738,544</u>
-------------------	------------------

Stockholders' deficit

Common stock, no par value, authorized 1,000 shares; issued and outstanding 1,000 shares	150,000
---	---------

Accumulated deficit	<u>(1,190,060)</u>
---------------------	--------------------

Total stockholders' deficit	<u>(1,040,060)</u>
-----------------------------	--------------------

Total liabilities and stockholders' deficit	<u>\$ 1,698,484</u>
---	---------------------

The Notes to Financial Statements are an integral part of this statement.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Statement of Operations and Accumulated Deficit
Year Ended December 31, 2021

		Percentage of Revenues
Revenues		
Location fees	\$ 9,735	3.4 %
Initial franchise fees	63,563	22.1
Franchise extension fees	<u>213,671</u>	<u>74.5</u>
Total revenues	<u>286,969</u>	<u>100.0</u>
Costs and expenses	511,609	178.3
Other income	<u>5,627</u>	<u>2.0</u>
Loss before benefit from income taxes	(219,013)	(76.3)
Benefit from income taxes	<u>(99,200)</u>	<u>(34.6)</u>
Net loss	(119,813)	<u>(41.7) %</u>
Accumulated deficit		
Beginning of year	<u>(1,070,247)</u>	
End of year	<u>\$ (1,190,060)</u>	

The Notes to Financial Statements are an integral part of this statement.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Statement of Cash Flows
Year Ended December 31, 2021

Operating activities

Net loss	\$ (119,813)
Adjustments to reconcile net loss to net cash provided by operating activities	
Deferred income tax benefit	(128,000)
Changes in assets and liabilities	
Receivable from affiliate - net	137,857
Income taxes receivable	28,000
Franchise deposits	51,612
Contract liabilities	239,316
Net cash provided by operating activities	<u>208,972</u>

Cash

Beginning of year	<u>515,006</u>
End of year	<u>\$ 723,978</u>

Supplemental disclosure for cash flow information

Cash paid during the year for	
Income taxes	<u>\$ -</u>

The Notes to Financial Statements are an integral part of this statement.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Galardi Group Franchise Corp. (the "Company") was incorporated as Wienerschnitzel Franchise Corp. on August 9, 1982 and was formerly a wholly owned subsidiary of Galardi Group, Inc. (the "Parent"). Effective June 30, 1990, the Parent distributed 25% of the Company's shares to Galardi Group, Inc.'s stockholders. The Company sells franchises for the operation of retail establishments known as Wienerschnitzel and Hamburger Stand restaurants. On December 3, 2002 Galardi Group Franchise and Leasing, LLC (the "Affiliate"), also a subsidiary of the Parent, was formed for the purpose of conducting all fast-food restaurant-related business, subsequent to the initial sales of the franchises to franchisees by the Company.

Revenue Recognition

The Company derives its revenues primarily from the sale of initial franchise licenses and extensions for its trade name, operating systems, and products. The Company determined that the services provided in exchange for these initial franchise license and extension fees, are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise license and extension fees are recognized as revenue over the term of the franchise agreements on a straight-line basis, consistent with the franchisee's right to use and benefit from the tradename, operating systems, and products. The commencement date of the recognition of the initial franchise license and extension fees begin upon the completion of training and installation of equipment, substantially when the retail store opens. Payment for the initial franchise licenses and extension fees consists of a fixed fee that is due at the time the franchise or extension agreement is entered into and is recorded as a franchise or extension deposit. Upon commencement of the store opening, the franchise or extension deposit is reclassified as a contract liability and recognized over time, generally over 20 years or as defined by the franchise agreement. The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under Accounting Standards Codification ("ASC") Topic 606.

The Company recognizes its location fee revenue from granting exclusive rights to the owner of franchise restaurants in a particular geographic area. The Company's performance obligation is satisfied over the period of time. Revenues are recognized evenly over the life of the location rights generally over 20 years. Payment for the location rights consists of a fixed fee that is due at the time the agreement is entered into and is recorded as a contract liability until earned. The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under ASC Topic 606.

Concentrations of Credit Risk

The Company's exposure to losses on receivables is principally dependent on the Affiliate's financial condition.

Income Taxes

The Company follows the provisions of the Accounting Standard Codification to account for income taxes. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities, and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. The provision for income taxes represents the tax payable for the period and the change during the period in deferred tax assets and liabilities.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2021

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. There was no recognition of uncertain tax positions required at December 31, 2021.

The Company files income tax returns in the U.S. federal jurisdiction and California. As a matter of course, various taxing authorities, including the IRS, could audit the Company. There were no tax years under examination by major tax jurisdictions as of December 31, 2021. Management believes that the Company's tax positions comply with applicable tax law and that the Company has adequately provided for these matters.

It is the Company's continuing policy to account for interest and penalties associated with income tax obligations as a component of income tax expense. The Company did not recognize any interest or penalties as part of the benefit from income taxes in the statement of operations and accumulated deficit at December 31, 2021.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

One of the more significant accounting estimates included in these financial statements relates to the determination of the provision for current and deferred income taxes, which is based on information available at the time of the preparation of the financial statements.

Actual results could differ from such estimates and such differences could potentially be significant. Any adjustments resulting from such differences are reflected during the period in which additional information becomes available as a change in accounting estimate.

Recent Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-02, *Franchisors – Revenue from Contracts with Customers*: Subtopic 952-606. As a practical expedient, Subtopic 952-606 permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. Additionally, an accounting policy election to recognize the pre-opening services as a single performance obligation is provided. Management is currently assessing the impact of the potential adoption of Subtopic 952-606 on the financial statements. Subtopic 952-606 is effective for the Company's year ended December 31, 2021. The Company did not elect to adopt the practical expedient in this ASU and, therefore, the implementation of this ASU has no impact on the financial statements for the year then ended.

Subsequent Events

The Company evaluated subsequent events through March 28, 2022, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2021

2. CONTRACT BALANCES

The majority of the Company's contracts contain consideration terms for fees to be paid before the franchise is sold and operational. The fees are reflected as contract liabilities on the balance sheet until recognized and classified as current or non-current, depending on when the revenue will be recognized. Upon receipt of a prepayment from a customer, the Company recognizes a contract liability in the amount of the prepayment for its performance obligation to provide franchise rights in the future. Contract liabilities at January 1 and December 31, 2021 were \$1,806,653 and \$2,045,969, respectively. The Company also has franchise deposits from customers at January 1 and December 31, 2021 that totaled \$640,963 and \$692,575, respectively.

3. RECEIVABLE FROM AFFILIATE AND OTHER RELATED PARTY TRANSACTIONS

Receivable from affiliate is mainly comprised of franchise fees and refundable deposits collected by the Affiliate on behalf of the Company, net of related allocated expenses and franchise licenses made by the Affiliate on behalf of the Company. During the year ended December 31, 2021, fees and deposits received by the Affiliate on behalf of the Company, net of refunds, amounted to \$575,395. During the year ended December 31, 2021, allocated expenses charged, and other payments made by the Affiliate on behalf of the Company amounted to \$503,591 and \$208,650, respectively. As of December 31, 2021, the net receivable from Affiliate amounted to \$364,761. The remaining balance is composed of a net receivable of \$53,745 due from the Parent and other related parties.

4. INCOME TAXES

Deferred income taxes result from temporary differences attributable mainly to franchise fees which are reported as income for tax reporting purposes prior to financial reporting purposes, as well as arising from the Company's net operating loss carryforwards. Due to the ASC 606 revenue reconciliation that was previously recorded and the corresponding book to tax adjustments related to the retrospective approach that was taken, the calculated effective tax rates are higher than to be expected.

The tax benefit for the year ended December 31, 2021 consists of the following:

Current	
Federal	\$ 22,800
State	6,000
	<u>28,800</u>
Deferred	
Federal	(80,000)
State	(48,000)
	<u>(128,000)</u>
	<u>\$ (99,200)</u>

At December 31, 2021, the Company had Federal and state net operating loss carryforward credits of approximately \$10,000 and \$444,000, respectively. If not used, the carryforwards will begin to expire in 2037.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2021

5. COMMITMENTS AND CONTINGENCIES

The franchise agreements (generally 20 years) issued by the Company require the Company to make available to a purchaser of a franchise, initial training in the operational aspects of Wienerschnitzel or Hamburger Stand Restaurants, which is provided by the Affiliate. In addition, the Affiliate provides continued training, marketing, testing and accounting services for fees paid by the purchaser of a franchise to the Affiliate. The Company guarantees the full performance of these services by the Affiliate. Costs associated with these services relating to initial training are billed to the Company by the Affiliate as allocated expenses, however, the services supplied by the Affiliate may not necessarily have been provided at terms available from unrelated entities. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the conditions that would have existed if the Company had operated as an independent entity since the Company and its Parent and Affiliate have cross guarantees on the respective affiliate's financial obligations.

The long-term debt of the Affiliate in the total amount of \$7,277,401 as of December 31, 2021 has been guaranteed by the Company and the Parent.

GALARDI GROUP FRANCHISE CORP.
(A Subsidiary of Galardi Group, Inc.)
Financial Statements
December 31, 2020
With Independent Auditor's Report

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Table of Contents
December 31, 2020

Independent Auditor's Report	1
Financial Statements	
Balance Sheet	2
Statement of Operations and Retained Deficit	3
Statement of Cash Flows	4
Notes to Financial Statements	5-8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Galardi Group Franchise Corp.,
(A Subsidiary of Galardi Group, Inc.):

We have audited the accompanying financial statements of Galardi Group Franchise Corp. (the "Company"), which comprise the balance sheet as of December 31, 2020, and the related statements of operations and retained deficit and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

WithumSmith+Brown, PC

March 31, 2021

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Balance Sheet
December 31, 2020

Assets

Current assets

Cash	\$ 515,006
Income taxes receivable	28,000
Total current assets	<u>543,006</u>

Non-current assets

Receivable from affiliate - net	556,363
Deferred income taxes	428,000
Total non-current assets	<u>984,363</u>

Total assets	<u>\$ 1,527,369</u>
--------------	---------------------

Liabilities and Stockholders' Deficit

Current liabilities

Current portion of contract liabilities	\$ 367,612
Total current liabilities	<u>367,612</u>

Long term liabilities

Franchise deposits	640,963
Contract liabilities	1,439,041
Total liabilities	<u>2,447,616</u>

Stockholders' deficit

Common stock, no par value, authorized 1,000 shares; issued and outstanding 1,000 shares	150,000
Retained deficit	(1,070,247)
Total stockholders' deficit	<u>(920,247)</u>

Total liabilities and stockholders' deficit	<u>\$ 1,527,369</u>
---	---------------------

The Notes to Financial Statements are an integral part of this statement.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Statement of Operations and Retained Deficit
Year Ended December 31, 2020

		Percentage of Revenues
Revenues		
Location fees	\$ 9,735	3.1 %
Initial franchise fees	96,538	30.7
Franchise extension fees	<u>208,195</u>	<u>66.2</u>
Total revenues	<u>314,468</u>	<u>100.0</u>
 Costs and expenses	 498,808	 158.6
 Other income	 <u>9,039</u>	 <u>2.9</u>
 Loss before income taxes	 (175,301)	 (55.7)
 Benefit from income taxes	 <u>(98,754)</u>	 <u>(31.4)</u>
 Net loss	 (76,547)	 <u>(24.3) %</u>
 Retained earnings (deficit)		
Beginning of year	<u>(993,700)</u>	
 End of year	 <u>\$ (1,070,247)</u>	

The Notes to Financial Statements are an integral part of this statement.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Statement of Cash Flows
Year Ended December 31, 2020

Operating activities

Net loss	\$ (76,547)
Adjustments to reconcile net loss to net cash provided by operating activities	
Deferred income tax benefit	(50,000)
Changes in assets and liabilities	
(Increase) decrease in assets	
Receivable from affiliate - net	350,793
Income taxes receivable	8,100
Increase (decrease) in liabilities:	
Franchise deposits	217,564
Contract liabilities	(49,400)
Net cash provided by operating activities	<u>400,510</u>

Cash

Beginning of year	<u>114,496</u>
End of year	<u>\$ 515,006</u>

Supplemental disclosures for cash flow information

Cash paid during the year for	
Income Taxes	<u>\$ -</u>

The Notes to Financial Statements are an integral part of this statement.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Galardi Group Franchise Corp. (the "Company") was incorporated as Wienerschnitzel Franchise Corp. on August 9, 1982 and was formerly a wholly owned subsidiary of Galardi Group, Inc. (the "Parent"). Effective June 30, 1990, the Parent distributed 25% of the Company's shares to Galardi Group, Inc.'s stockholders. The Company sells franchises for the operation of retail establishments known as Wienerschnitzel and Hamburger Stand restaurants. On December 3, 2002 Galardi Group Franchise and Leasing, LLC (the "Affiliate"), also a subsidiary of the Parent, was formed for the purpose of conducting all fast food restaurant-related business, subsequent to the initial sales of the franchises to franchisees by the Company.

Revenue Recognition

The Company derives its revenues primarily from the sale of initial franchise licenses and extensions for its trade name, operating systems, and products. The Company determined that the services provided in exchange for these initial franchise license and extension fees, are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise license and extension fees are recognized as revenue over the term of the franchise agreements on a straight-line basis, consistent with the franchisee's right to use and benefit from the tradename, operating systems and products. The commencement date of the recognition of the initial franchise license and extension fees begin upon the completion of training and installation of equipment, substantially when the retail store opens. Payment for the initial franchise licenses and extension fees consists of a fixed fee that is due at the time the franchise or extension agreement is entered into and is recorded as a franchise or extension deposit. Upon commencement of the store opening, the franchise or extension deposit is reclassified as a contract liability and recognized over time, generally over 20 years or as defined by the franchise agreement. The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under Topic 606.

The Company recognizes its location fee revenue from granting exclusive rights to the owner of franchise restaurants in a particular geographic area. The Company's performance obligation is satisfied over the period of time. Revenues are recognized evenly over the life of the location rights generally over 20 years. Payment for the location rights consist of a fixed fee that is due at the time the agreement is entered into and is recorded as a contract liability until earned. The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under Topic 606.

Concentrations of Credit Risk

The Company's exposure to losses on receivables is principally dependent on the Affiliate's financial condition.

Income Taxes

The Company follows the provisions of the Accounting Standard Codification to account for income taxes. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities, and their financial reporting amounts at each year-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. The provision for income taxes represents the tax payable for the period and the change during the period in deferred tax assets and liabilities.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2020

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step requires the Company to estimate and measure the tax benefit as the largest amount that is more than 50% likely to be realized upon ultimate settlement. There was no recognition of uncertain tax positions required at December 31, 2020.

The Company files income tax returns in the U.S. federal jurisdiction and California. As a matter of course, various taxing authorities, including the IRS, could audit the Company. There were no tax years under examination by major tax jurisdictions as of December 31, 2020. Management believes that the Company's tax positions comply with applicable tax law and that the Company has adequately provided for these matters.

It is the Company's continuing policy to account for interest and penalties associated with income tax obligations as a component of income tax expense. The Company did not recognize any interest or penalties as part of the provision for income taxes in the statement of operations and retained deficit at December 31, 2020.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

One of the more significant accounting estimates included in these financial statements relates to the determination of the provision for current and deferred income taxes, which is based on information available at the time of the preparation of the financial statements.

Actual results could differ from such estimates and such differences could potentially be significant. Any adjustments resulting from such differences are reflected during the period in which additional information becomes available as a change in accounting estimate.

Recent Accounting Pronouncements Not Yet Adopted

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2017-02, Franchisors – Revenue from Contracts with Customers: Subtopic 952-606. As a practical expedient, Subtopic 952-606 permits franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license if the services are consistent with those included in a predefined list within the guidance. Additionally, an accounting policy election to recognize the pre-opening services as a single performance obligation is provided. Management is currently assessing the impact of the potential adoption of Subtopic 952-606 on the combined financial statements. Subtopic 952-606 is effective for the Company's year ended December 31, 2021.

Subsequent Events

The Company evaluated subsequent events through March 31, 2021, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2020

2. CONTRACT BALANCES

The majority of the Company's contracts contain consideration terms for fees to be paid before the franchise is sold and operational. The fees are reflected as contract liabilities on the balance sheet until recognized and classified as current or non-current, depending on when the revenue will be recognized. Upon receipt of a prepayment from a customer, the Company recognizes a contract liability in the amount of the prepayment for its performance obligation to provide franchise rights in the future. Contract liabilities at January 1 and December 31, 2020 were \$1,856,053 and \$1,806,653, respectively.

3. RECEIVABLE FROM AFFILIATE AND OTHER RELATED PARTY TRANSACTIONS

Receivable from affiliate is mainly comprised of franchise fees and refundable deposits collected by the Affiliate on behalf of the Company, net of related allocated expenses and franchise licenses made by the Affiliate on behalf of the Company. During the year ended December 31, 2020, fees and deposits received by the Affiliate on behalf of the Company, net of refunds, amounted to \$533,718. During the year ended December 31, 2020, allocated expenses charged and other payments made by the Affiliate on behalf of the Company amounted to \$482,011 and \$400,000, respectively. As of December 31, 2020, the net receivable from Affiliate amounted to \$502,618. The remaining balance is composed of a net receivable of \$53,745 due from the Parent and other related parties.

4. INCOME TAXES

Deferred income taxes result from temporary differences attributable mainly to franchise fees which are reported as income for tax reporting purposes prior to financial reporting purposes, as well as arising from the Company's net operating loss carryforwards.

The tax benefit for the year ended December 31, 2020 consists of the following:

Current	
Federal	\$ (49,554)
State	800
	<u>\$ (48,754)</u>
Deferred	
Federal	\$ (22,000)
State	<u>(28,000)</u>
	<u>\$ (50,000)</u>
	<u>\$ (98,754)</u>

At December 31, 2020, the Company had Federal and state net operating loss carryforward credits of approximately \$8,000 and \$323,000, respectively. If not used, the carryforwards will begin to expire in 2037.

Galardi Group Franchise Corp.
(A Subsidiary of Galardi Group, Inc.)
Notes to Financial Statements
December 31, 2020

5. COMMITMENTS AND CONTINGENCIES

The franchise agreements (generally 20 years) issued by the Company require the Company to make available to a purchaser of a franchise, initial training in the operational aspects of Wienerschnitzel or Hamburger Stand Restaurants, which is provided by the Affiliate. In addition, the Affiliate provides continued training, marketing, testing and accounting services for fees paid by the purchaser of a franchise to the Affiliate. The Company guarantees the full performance of these services by the Affiliate. Costs associated with these services relating to initial training are billed to the Company by the Affiliate as allocated expenses, however, the services supplied by the Affiliate may not necessarily have been provided at terms available from unrelated entities. Therefore, the accompanying financial statements of the Company may not necessarily be indicative of the conditions that would have existed if the Company had operated as an independent entity since the Company and its Parent and Affiliate have cross guarantees on the respective affiliate's financial obligations.

The long-term debt of the Affiliate in the total amount of \$8,650,960 as of December 31, 2020 has been guaranteed by the Company and the Parent.

6. RISKS AND UNCERTAINTIES

Management continues to evaluate the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Company's financial position, results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

EXHIBIT B
LIMITED FRANCHISE
AND LEASE AGREEMENT

GALARDI GROUP FRANCHISE CORP.,
GALARDI GROUP FRANCHISE & LEASING, LLC

AND

LIMITED FRANCHISE ~~AND~~ LEASE AGREEMENT

TABLE OF CONTENTS

1. PREMISES	1
2. TERM	1
3. TERMINATION	1
4. RENT	1
5. SECURITY DEPOSIT	4
6. SERVICES BY GGFC	4
7. SERVICES BY GGFL	6
8. RECORDS	7
9. USE	8
10. CONTINUOUS OPERATION AND USE OF BEST EFFORTS	10
11. ALTERATIONS, REPAIRS, REPLACEMENTS	10
12. RISK MANAGEMENT	11
13. ASSIGNMENT AND SUBLEASING	11
14. DEFAULTS AND REMEDIES	11
15. UNDERLYING ESTATES-CONDEMNATION	13
16. INTELLECTUAL PROPERTY; DISCOVERIES	13
17. ATTORNEY'S FEES	14
18. FRANCHISEE'S BUSINESS	14
19. AMERICAN WITH DISABILITIES ACT (ADA)	15
20. HOLDOVER	15
21. DELINQUENT AMOUNTS	15
22. NOTICES	16
23. CLOSING CHARGE	16
24. CONSENTS	16
25. ENTIRETY AND SUCCESSORS	16
26. TIME OF ESSENCE	16
27. GOVERNING LAW; JURISDICTION; VENUE	17
28. COUNTERPARTS	17
29. ADDITIONAL DISCLOSURE	17
 SIGNATURE PAGE	 18
EXHIBIT "A" RENT SCHEDULE	19
EXHIBIT "B" MINOR MAINTENANCE	20
EXHIBIT "C" STORE LEVEL PREVENTATIVE MAINTENANCE PROGRAM	21
EXHIBIT "D"	
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT	23
EXHIBIT "E" PROMISSORY NOTE	24

LIMITED FRANCHISE AND LEASE AGREEMENT

This Limited Franchise and Lease Agreement is made as of _____, 20____, between Galardi Group Franchise Corp., a California corporation ("GGFC"), Galardi Group Franchise & Leasing, LLC, a California limited liability company ("GGFL") and _____ ("Franchisee") whose address is _____.

1. PREMISES

GGFL leases to Franchisee the premises known as Wienerschnitzel #____, located at _____, in the City of _____, State of _____, together with the furniture, furnishings, fixtures, equipment and small wares at the restaurant used in operating the business (the "Premises"). Franchisee acknowledges receipt of the Premises in good repair and condition.

2. TERM

The term of this Agreement shall be month-to-month starting _____, 20____, and lasting until the last day of the calendar month (the "Term"). Thereafter, the Term shall be month-to-month starting on the first day and ending the last day of each calendar month, until terminated by written notice.

3. TERMINATION

GGFC and/or GGFL may terminate this Agreement by giving Franchisee written notice of termination at least seven (7) days before expiration of any month-to-month Term. Franchisee may terminate this Agreement by giving GGFL written notice of termination at least thirty (30) days before the expiration of any month-to-month Term. Nothing in this Section 3 limits or restricts GGFC and GGFL from terminating Franchisee's rights by reason of any other provisions of this Agreement. Termination pursuant to this Section 3 refers to an election not to renew the Agreement at the end of a month-to-month Term. If applicable law requires longer notice of termination or nonrenewal than is provided for in this Section 3, then a party may terminate or nonrenew by giving the longer notice required by applicable law.

4. RENT

A. As rent for the Premises, Franchisee shall pay GGFL each month the rent stated in Exhibit A (the "Rent"). Rent is due and payable at GGFL's office and shall be paid without notice or demand and without abatement, deduction, or set off, in lawful money of the United States.

B. The Rent may from time to time be adjusted by GGFL, calculated as follows: At its sole discretion, GGFL may recalculate weekly rent payments required to pay the Rent due pursuant to this Section 4, based on the prior twelve (12) months actual Rent paid. If after the calculation the Rent is

changed, GGFL will provide Franchisee at least thirty (30) days written notice of the change in weekly Rent. On the effective date stated in the written notice of Rent change, Franchisee shall start paying weekly Rent at the increased or decreased rate.

C. As additional rent, payable at the start of the Term, Franchisee shall pay GGFL the actual costs incurred by GGFL in changing the safe combination and exterior door locks. If Franchisee changed leased premises at GGFL's request, then GGFL will pay the cost of these changes.

D. Rent shall not be reduced by cost of food discounts, premiums or other costs incurred by Franchisee in performing the obligations in this Agreement.

E. Provided Franchisee provides proof of payment or other documents satisfactory to GGFL, Franchisee's Rent obligation for a particular month shall be credited by the following amounts:

(1) Reasonable cost for ice purchased by Franchisee due to ice machine breakdown not caused by Franchisee neglect.

(2) Cost of food donations to bona fide charities made with prior written approval of GGFL's Vice President of Operations.

(3) One thousand dollars (\$1,000) for a new franchisee referred to GGFC and/or GGFL by Franchisee, and such new franchisee remains an Franchisee for one (1) year.

F. GGFL may adjust these credits or discontinue providing all or part of them at any time, effective thirty (30) days after providing Franchisee written notice.

G. For this Agreement, Net Sales means total sales of all food and other items, and any services at or originating from or connected to the Licensed Premises, but does not include sales taxes separately shown on the customer receipt, collected and actually paid to the taxing authority, uncollected cash register overrings, amounts received from sales which Franchisee promptly refunds at a customer's request, and tips paid by a customer to an employee of Franchisee in cash or by credit card, separately shown on the credit card invoice and actually paid to the employee.

H. Franchisee shall initially pay Rent in the following amounts:

<u>Month</u>	<u>Weekly Payment</u>	<u>Month</u>	<u>Weekly Payment</u>
January	\$ _____	July	\$ _____
February	\$ _____	August	\$ _____
March	\$ _____	September	\$ _____
April	\$ _____	October	\$ _____
May	\$ _____	November	\$ _____
June	\$ _____	December	\$ _____

I. Franchisee shall pay the Rent weekly payments at GGFL's office on each of the last four (4) Mondays of each month. GGFL will credit amounts paid against Franchisee's monthly Rent obligations.

Franchisee shall pay any Rent balance due in excess of the weekly payments within seven (7) days after the end of the calendar month.

J. Each Rent payment under Section 4(l) shall be accompanied by the sales tax on sales from the Premises. GGFL shall administer sales tax payments as stated in Section 18. GGFL shall have the right to instruct Franchisee, and Franchisee shall comply with any instruction from GGFL, to pay the sales tax direct to the taxing authority(s).

K. If weekly Rent payments exceed Rent due for a month, GGFL shall apply the excess in the following order: (1) sales tax; (2) any other sums due to GGFL or its affiliates, whether under this Agreement or otherwise; (3) next weekly Rent payment(s).

L. To assist GGFL in calculating Rent due pursuant to Exhibit A, Franchisee shall provide GGFL within three (3) days after the end of the calendar month, the sales mix of all food items sold in that month; list prices paid for and amount of cash, volume, and other discounts and free product given Franchisee by the supplier of food and paper products; copies of supplier invoices showing quantities and prices charged for delivery; and an inventory of stock-on-hand at the start and end of that month. GGFL will thereafter provide Franchisee a written credit or debit memo.

M. A credit memo reduces and a debit memo increases Franchisee's Rent for the prior calendar month. GGFL shall apply the amount of a credit memo first to any outstanding month-end statement balance and then to Franchisee's next weekly installment(s) of Rent. The amount of a debit memo shall be added by Franchisee to the next weekly payment of Rent due or the Rent balance in excess of Rent payments. Failure to include the amount with the next Rent payment shall be a default in payment of Rent as stated in Section 14.

N. Rent will be reduced if the simulated food and paper and certain other cost percentage is greater than _____ percent (____%). Rent will be increased if the simulated food and paper and certain other cost percentage is less than _____ percent (____%). The amount of reduction or increase is the result when net sales for the applicable calendar month is multiplied by the difference between _____ percent (____%) (the "cost allowance factor") and the simulated food and paper and certain other cost percentage [net sales x (difference between cost allowance factor and simulated food and paper and certain other cost percentage)]. Amounts may be pro-rated, as determined by GGFL for any partial calendar month.

O. The simulated food and paper and certain other cost percentage and "cost allowance factor" shall be determined by GGFL in its sole discretion. GGFL shall provide Franchisee at least thirty (30) days' written notice of changes in these amounts.

P. On the effective date stated in a written notice of change, the "cost allowance factor" shall be increased or decreased as specified by GGFL. On the effective date of a change, the monthly average sales percentage Rental (originally stated in Exhibit A) then in effect shall be increased or decreased by the same amount and each weekly Rent installment payable on the last four (4) Mondays of each month as stated in Section 4(l) shall increase or decrease accordingly. For example, if the average sales percentage Rent is thirty-five percent (35%) and the "food cost allowance factor" decreases by four percent (4%), then the new average sales percentage Rent will be thirty-nine percent (39%) and

the increased sales percentage Rent will be thirty-five percent (35%).

Q. Time is of the essence of Franchisee's obligation to provide information required by Section 4(L) and elsewhere in this Agreement. In addition to all other rights and remedies for a breach by Franchisee, Franchisee's failure to timely provide information shall also relieve GGFL's obligation to provide a credit memo reducing the Rent on account of the relationship between cost of food and paper and retail sales price of products sold. GGFL shall still have the right to issue a debit memo increasing the Rent. GGFL may rely on any available information and may make estimates in making determinations for a debit memo.

R. Rent adjustments pursuant to Sections 4(M) – (Q) are deemed to occur pursuant to this Agreement, and do not constitute modifications or termination of this Agreement.

S. All taxes, charges, costs, and expenses that Franchisee is required to pay under this Agreement, together with all interest and penalties for any failure by Franchisee to pay those amounts, and all damages, costs and expenses which GGFL may incur due to any default of Franchisee or failure of Franchisee to comply with this Agreement shall be deemed additional rent. In the event of non-payment by Franchisee, GGFL shall have all rights and remedies as GGFL has for non-payment of basic Rent.

T. Franchisee shall pay all Rent or other sums to GGFL and GGFC by ACH transfer, other form of electronic funds transfer, or other means selected by GGFL or GGFC. Franchisee must sign an Authorization Agreement for Prearranged Transfer (Exhibit "D") and/or other document requested by GGFL and/or GGFC to facilitate payments to GGFL and GGFC.

U. Franchisee at GGFL's option, shall be responsible for taxes, if any, on the rental of furniture, furnishings, fixtures, equipment and small wares ("FF&E"). At the date of this Franchisee Agreement, the taxable value of the FF&E is _____. This taxable value may change due to additions, depreciation or disposal of FF&E.

5. SECURITY DEPOSIT

A. On signing this Agreement, Franchisee shall deposit with GGFL _____ dollars (\$_____) (the "Deposit"). Franchisee shall provide the Deposit in cash or, at GGFL's option, a promissory note in a form (Exhibit "E") designated by GGFL, providing for installments of at least three hundred dollars (\$300) per month. Whenever weekly Rent increases, Franchisee shall increase the Deposit by an amount equal to one (1) week's Rent. If Franchisee is obligated to GGFL on an existing promissory note, then at GGFL's option, the Deposit may be increased by extending the terms of the existing note. In no event shall the required Deposit ever be less than three thousand dollars (\$3,000).

B. The Deposit is security for Franchisee's full performance of this Agreement, and payment of all amounts due, however incurred, to GGFC and/or GGFL and to any other person, in any manner arising out of this Agreement, occupancy of the Premises, and operation of the Wienerschnitzel business. GGFL shall have the right to use the deposited funds for GGFL's operations and co-mingle the Deposit with other funds. The Deposit shall not earn interest.

C. GGFL may from time to time apply all or part of the Deposit to payment of any indebtedness. On GGFL's demand, Franchisee shall deposit with GGFL additional sums to equal amounts applied. On termination of this Agreement, Franchisee shall furnish GGFL with releases and other proof satisfactory to GGFL that all debts and liabilities of Franchisee have been paid or fully provided for. After receipt of that proof, if satisfactory to GGFL, GGFL shall return to Franchisee any unapplied balance of the Deposit. Until then and until GGFL is satisfied with regard to payment of all debts and performance of all obligations, GGFL has no obligation to return any of the Deposit to Franchisee.

6. SERVICES BY GGFC

A. GGFC shall provide the following services to Franchisee:

(1) Provide training to Franchisee that GGFC deems appropriate in methods of operating a Wienerschnitzel restaurant. Franchisor or Service LLC shall provide to representatives of Franchisee, general managers, initial training in aspects of a Wienerschnitzel Restaurant, also including preparation and sale of Tastee Freez menu items to be sold at the Wienerschnitzel Restaurant. The representative of Franchisee who receives the training, a general manager, shall attend and successfully complete the initial training before Franchisee starts operating the Wienerschnitzel Restaurant. Franchisor or Service LLC may require the successful completion of initial training by that representative at least thirty (30) days before opening of the Wienerschnitzel restaurant, and may require that the training have been completed by a specified time, not more than six (6) months before the term of this agreement (and if completed further in advance, may require retraining to be completed between six months and thirty (30) days before the term of this agreement). Training may be at Franchisor's and Service LLC's training location in Irvine, California or other location designated by Franchisor or Service LLC. Initial training will be provided on dates and at times agreeable to Franchisor or Service LLC and Franchisee subject to availability of Franchisor's or Service LLC's instructors, at a charge to Franchisee of \$5,000 for each individual trained. Franchisor and Service LLC reserves the right to deliver portions of the initial training by means such as online instruction or review of videos or other manner of delivery that Franchisor determines. Franchisor or Service LLC will have the right to require any or all of Franchisee's Certified General Managers, Certified Managers, persons in equivalent or similar positions, and persons constituting Franchisee to complete a re-certification exam as often as every five (5) years, from the individual's last certification date. Franchisor will have the right to require Franchisee to take remedial action with regard to any of the foregoing who do not satisfactorily complete the re-certification exam, by way of examples and not limitation, further training, supervision, or limitation on their roles or activities pending successful completion of the re-certification exam.

(2) Loan Franchisee or provide Franchisee electronic access to an Operations Manual (the "Manual").

B. Franchisee acknowledges and agrees that the Manual, together with any revisions and supplements, is and shall remain GGFC's property. Franchisee shall return the Manual to GGFC within three (3) days after any request from GGFC. If Franchisee fails to return the Manual in this time, then in addition to GGFC's other remedies Franchisee shall pay GGFC the reasonable cost of the Manual which is agreed to be two hundred dollars (\$200).

C. Franchisee acknowledges that changes may occur in consumer preferences, technology,

competitive circumstances and other factors affecting the Wienerschnitzel System. GGFC shall have the right to modify any and all aspects of food preparation, menus, techniques, procedures, products, services and all other matters from time to time by revisions or other supplements to the Manual, or otherwise. Franchisee shall comply with modifications within the time GGFC states. Modifications of the Manual are deemed to occur pursuant to the exercise of GGFC's rights in this Agreement and are not modifications of this Agreement. Franchisee shall keep the loaned copy of the Manual up to date by immediately inserting all revisions and supplements provided by GGFC. If Franchisee fails to do so, then in addition to GGFC's other remedies Franchisee shall pay GGFC a charge for revising and supplementing the Manual in the amount of one hundred dollars (\$100).

D. Franchisee shall not provide access to the Manual to anyone other than those personnel of Franchisee who need to review portions of the Manual to perform their jobs; and Franchisee shall permit them to have access only to the portions of the Manual they need to review. Franchisee shall not reproduce or allow anyone to reproduce any portion of the Manual without GGFC's prior written consent.

E. Franchisee shall keep any loaned copy of the Manual on the Premises at all times, until Franchisee returns the Manual to GGFC.

7. SERVICES BY GGFL

A. GGFL shall perform, at its expense, major building repairs and equipment maintenance. However, Franchisee shall be responsible at Franchisee's expense, to make all repairs and pay the costs of major maintenance caused entirely or partially by negligence, or willful misconduct, of Franchisee, its employees or agents.

B. Franchisee shall perform all minor maintenance and purchase the items including, but not limited to, those described on Exhibits B and C. If Franchisee fails to perform this maintenance within three (3) days after written notice of failure from GGFL's representative, then GGFL may perform the maintenance at Franchisee's expense, and the costs shall be paid by Franchisee to GGFL within fifteen (15) days after receipt of an invoice.

C. GGFL shall provide insurance including, but not limited to, commercial general liability and property insurance in amounts and subject to terms stated in a policy agreement which GGFL will make available for Franchisee's inspection on Franchisee's written request. GGFL charges the Franchisee a pro-rated portion of such commercial general liability and property insurance. This obligation and the insurance to be provided, are not any form of assurance by GGFC of sufficiency of insurance or payment of any loss claimed by Franchisee.

D. Franchisee shall have the right at Franchisee's own expense, to maintain other and additional and broader insurance. Franchisee shall cause all insurance obtained by Franchisee to name GGFC and GGFL as co-insureds along with Franchisee. At GGFL's request, Franchisee shall also name as

additional insureds any other lessor, owner or mortgagee of the Premises. Franchisee shall provide GGFL a copy of the entirety of each such policy upon receipt and whenever requested by GGFL.

E. GGFL shall have the option to pay gas, water and electricity charges attributable to the Premises or require Franchisee to pay those charges directly. Franchisee shall pay all other utility charges. Franchisee shall participate in and comply with utility management programs that GGFL specifies from time to time. GGFL shall pay all real and personal property taxes for the Premises and the costs to maintain landscaping at the Premises.

F. GGFL shall provide assistance that GGFL considers useful to assist Franchisee in the operation of the business at the Premises. This may include, but is not necessarily limited to, visiting the Premises from time to time to evaluate the operation and recommend improvements and corrections of deficiencies. Franchisee shall implement and comply with GGFL's recommendations. This assistance will not extend to the management and/or control of Franchisee's employees.

G. From time to time GGFL shall conduct training seminars and meetings for continued training in operational aspects of the Wienerschnitzel restaurant; and maintain a school available for training Franchisee, or brand training of Franchisee's employees as GGFL considers appropriate. Franchisee shall attend and successfully complete all training and meetings that GGFL requests at times and locations that GGFL designates, and shall pay GGFL's then current charges for training and meetings. For training away from the geography of Franchisee's residence, GGFL may be willing to pay or credit Franchisee all or a portion of the cost for lodging and local transportation, such as a rental car.

H. GGFL shall from time to time evaluate and test food and beverage items for possible use and evaluate and test new operation methods for serving existing or new food, beverage and supply items.

I. At Franchisee's written request GGFL shall furnish Franchisee with the then-current standards and specifications for equipment, supplies, trademarked paper goods or other products required by GGFL to be used in operating the Premises; and at Franchisee's written request, names and addresses of manufacturers and suppliers currently approved by GGFL from whom those items may be available for sale to Franchisee.

J. From time to time GGFL shall provide statistical services to Franchisee including sales mix, sales analysis and comparison of sales with prior periods.

K. GGFL shall formulate and implement marketing plans including supervising preparation of advertising and promotion materials and providing layouts, window cards and other materials for use by Franchisee for local promotions. GGFL shall also provide assistance in assessing promotion media and shall review, evaluate, and select premium items for use in the business.

L. Franchisee shall participate in and support all marketing programs developed by GGFL including, but not limited to, purchasing and distributing premiums, purchasing and installing banners, and honoring coupons. Costs for all items to be purchased by Franchisee shall be paid by Franchisee to GGFL, or other applicable vendor(s), within fifteen (15) days after receipt of invoice.

M. Provided Franchisee participates fully in all marketing programs and provides all information GGFL requests, GGFL will calculate a "simulated promotional discount allowance percentage." Based on this percentage a credit memo will be issued to Franchisee at the same time as the Credit or Debit memo described in Section 4(M) is issued. This credit memo will be subject to the terms of Section 4(Q).

N. GGFL shall pay the membership fees of Franchisee in the local Wienerschnitzel advertising association. Franchisee shall have no right to vote in the association. GGFL will contribute an amount equal to 1% of Franchisee's Net Sales to the advertising association.

O. All "Certified General Managers", "Certified Managers", and "Franchisees" will need to complete a re-certification exam every five years, starting at their last certification date.

P. Our Brand Standard requires a Certified General Manager or Certified Shift Manager on-site during all operating hours.

8. RECORDS

A. Franchisee shall record all sales and charges for goods or services in the restaurant's POS System, record and tabulate total sales from these records each day; and keep a full and complete set of books and accounts from which all sales and Net Sales derived from the business may be accurately determined. Franchisee shall provide these books, accounts, and POS System records, together with all statements filed with any government authority disclosing Franchisee's sales, Net Sales, or income from the Premises, and all other books and records for inspection by GGFL representatives at any and all times as GGFL requests. Acceptance by GGFL of payment as Rent or otherwise shall not be conclusive or binding on GGFL regarding accuracy of the amount of payment by Franchisee.

B. In maintaining records and furnishing information to be supplied to GGFL, Franchisee shall use forms supplied or approved by GGFL and shall supply information as and when requested by GGFL.

C. Franchisee shall conduct business on the basis of a calendar year divided into twelve (12) accounting periods of one (1) calendar month each. Within fifteen (15) days after the end of each calendar month or on termination of this Agreement, Franchisee shall provide GGFL a financial statement of the calendar month or portion ending with termination of this Agreement, including a profit and loss statement, statement of sales and Net Sales, and balance sheet as of the close of the period. The statement shall be prepared by a certified public accountant or accountant satisfactory to GGFL.

9. USE

A. Franchisee shall conduct a Wienerschnitzel restaurant business on the Premises and no other business, and no deviation from the Wienerschnitzel business, shall be permitted without GGFL's prior written consent.

B. GGFC grants Franchisee a non-exclusive, non-transferable and personal license to use the

Wienerschnitzel system (the "System"), trade name, and trademark and certain other trademarks authorized by GGFC for use by Franchisee from time to time (collectively, the "Trademarks") in operating at the Premises for the period and on the terms in this Agreement.

C. Franchisee shall operate at the Premises in strict conformity with the Manual and supplements that GGFL furnishes to Franchisee from time to time.

D. Franchisee shall serve all menu items specified by GGFL for Wienerschnitzel restaurants. Franchisee shall assure that all items are manufactured, processed, precooked, prepared, decorated and served strictly according to the specifications and directions of GGFL. Franchisee shall not permit service of any food or beverage other than menu items specified by GGFL. Franchisee shall use in dispensing and sale of products only containers, cartons, sacks, napkins, flavorings, sauces, garnishments and other accouterments that comply with specifications, selection, variety, proportion, appearance, quality, coloring, flavor, and other ingredients and characteristics and standards stated in the Manual or as GGFL prescribes from time to time in its sole discretion.

E. Franchisee shall sell all additional menu food products that GGFL directs from time to time. Franchisee shall pay the cost of food, labor, utilities and other similar costs pertaining to these products.

F. Franchisee shall make payments on all invoices and statements for purchases of supplies promptly in accordance with the terms of purchase. Franchisee shall promptly pay when due and before delinquency, all wages, taxes, tax deposits, insurance premiums, charges for utilities, and other services, rent and all other obligations incurred by Franchisee operating the Premises. Franchisee shall indemnify and defend and hold harmless GGFC and GGFL and their personnel from all these obligations.

G. Franchisee shall acquire from GGFL or sources approved by GGFL in writing, the supplies, materials, equipment and other items specified in the Manual which, GGFC and GGFL consider essential to preserve the good reputation of the Trademarks and to provide a consistent quality and uniformity of products in the System.

H. Franchisee shall have the right to purchase directly from any source approved in writing by GGFL, the equipment, paper goods and other products required by GGFL to be used in establishing or operating Franchisee's business.

I. If Franchisee wants to purchase required products from a manufacturer or supplier not then approved by GGFL, Franchisee shall cause the proposed manufacturer or supplier to provide GGFL with all information regarding the manufacturer or supplier that GGFL requests and, if GGFL requests, samples of products Franchisee desires to purchase. GGFL may conduct or arrange for tests and other procedures to assess product quality, sufficiency of the manufacturer or supplier's capacity and facilities to supply Franchisee's needs in quantities, at times, and with reliability needed for efficient operation, and assessment of any other characteristics GGFL considers relevant. GGFL may require the manufacturer or supplier to pay or reimburse GGFL's costs for testing or evaluation. GGFL shall notify the manufacturer or supplier whether or not GGFL approves the manufacturer or supplier as a source of supply of the product involved to Franchisee and the basis for any decision to decline approval, except that this Section 8(I) shall not require GGFL to disclose any information GGFL considers

confidential or proprietary.

J. Franchisee acknowledges that quality control of products used or sold in the System is important to protect the reputation of the Trademarks and that Sections 9(G) through 9(I), pertaining to approval of products and suppliers, are reasonable to assist GGFL in quality control.

K. Franchisee shall maintain the Premises in a neat, clean and sanitary condition. Franchisee shall assure that all personnel comply with applicable health, safety and sanitation laws and regulations and standards in the Manual. Franchisee shall assure that janitorial services are performed daily according to standards in the Manual.

L. Franchisee shall comply with all federal, state and local laws, ordinances, regulations, orders, licenses and permits relating to the Premises and the use of, activity at and operation of the business at the Premises. Franchisee shall maintain all utility and other accounts in Franchisee's name. Franchisee shall pay all charges incident to use of the Premises or the business conducted there, except any which GGFL expressly agrees in writing to pay. Franchisee's obligations thus include, but are not limited to charges for licenses, permits, occupation taxes and fees, phone, sewage, trash, garbage collection and other utility charges, and taxes on Franchisee's property at the Premises. If GGFL elects to pay any charges that Franchisee fails to pay, then without excusing this material breach, and in addition to GGFL's other rights and remedies, Franchisee shall be obligated to repay GGFL and that obligation shall be deemed to be additional rent.

M. GGFL shall have the right to inspect the Premises and Franchisee's operation at all reasonable times to assess Franchisee's compliance with this Agreement.

N. Franchisee shall at all times maintain a capital account as disclosed in the balance sheet described in Section 8(C), in an amount not less than the security deposit described in Section 5.

O. GGFL or GGFC may, but is not obligated to, establish and maintain one or more websites promoting the Trademarks and System. GGFL and/or GGFC shall have sole control over the website(s). GGFL and/or GGFC may stop and/or modify the operation of any website(s) or portions of website(s) at any time without notice. Unless Franchisee obtains prior written consent from GGFL or GGFC, as applicable, Franchisee shall not establish or maintain a separate website, or a splash page or other presence on the Internet or through any social networking site relating to the operation of the Restaurant. If GGFL or GGFC consents to Franchisee operating a separate website or Internet presence, Franchisee shall do so according to our GGFL or GGFC standards and policies in the Manual or otherwise in writing from time to time. GGFL or GGFC can modify or supplement policies regarding social media and internet use at any time in writing, whether as part of the Manual or otherwise.

P. Franchisee shall participate in any computer network, intranet system or extranet system implement by GGFL or GGFC and do so in compliance with standards, protocols, and restrictions GGFL or GGFC specifies. This could include but is not limited to, required participation to submit reports, receive updates to Manual(s), or for other communications.

Q. Franchisee shall sell only at retail, including utilizing a third-party delivery service, but not wholesale, and shall not sell to a third-party for catering purposes.

10. CONTINUOUS OPERATION AND USE OF BEST EFFORTS

A. Franchisee shall continuously operate the restaurant at the Premises daily and during hours each day that GGFL specifies from time to time. Franchisee shall use Franchisee's best efforts, skills and diligence to conduct the business. Franchisee shall maintain sufficient supplies of foods, beverages and other restaurant products and supplies and employ sufficient personnel to operate the restaurant at maximum capacity and maximum efficiency. Franchisee shall be responsible for all personnel being clean, neatly groomed, dressed in clean uniforms satisfying color and design that GGFL provides from time to time, provide competent, sober and courteous service to the public, according to policies established by GGFL. Franchisee shall not permit any vending machine, sign, advertising devices or display at the Premises except as specifically authorized by GGFL. Franchisee shall not permit any intoxicating beverage, drug or illegal substance of any kind to be located, kept, consumed, sold or dispensed on or from the Premises at any time. Franchisee shall personally devote at least forty (40) hours per week to operation of the restaurant.

B. Franchisee shall provide reports and information requested from time to time by GGFL. Franchisee shall attend meetings with representatives of GGFL and/or GGFC at times and places requested by GGFL from time to time. Franchisee shall respond in writing to requests, inquiries and communications within times reasonably requested by GGFL.

11. ALTERATIONS, REPAIRS, REPLACEMENTS

A. Franchisee shall not make any attachment or addition to or any structural alteration of any building on the Premises without GGFL's prior written consent.

B. Franchisee shall maintain the business, facilities, fixtures, equipment and parking area in clean and neat condition and in compliance with the Manual. At the expiration or termination of this Agreement Franchisee shall deliver the Premises to GGFL in good condition, reasonable wear and tear excepted. Any costs incurred by GGFL to repair or replace the Premises or fixtures shall be paid by Franchisee to GGFL at termination, or expiration, or as soon after as the amount is determined by GGFL.

C. If the Premises become unfit for occupancy or use due to fire or other casualty, GGFL shall have the option whether to repair, replace or restore the Premises or not. If GGFL elects not to do any of these, then this Agreement shall terminate and any insurance proceeds shall be paid and belong to GGFL.

D. GGFL shall have the right to enter the Premises at any times to inspect, speak with customers, suppliers and personnel and to make repairs, replacements, and additions.

12. RISK MANAGEMENT

A. Franchisee shall indemnify, defend and hold GGFC, GGFL and their respective shareholders, members, directors, managers, officers, employees and agents, and the Premises free and harmless of and from any and all claims, suits, losses, costs, damages and liabilities on account of injury to or death of persons, damage to property and liens on the Premises, and statutory claims, caused by or

happening on or in connection with the Premises, also including adjacent sidewalks and driveways, or the condition, maintenance, possession or use of the Premises, or in any manner arising out of or in connection with any sale, business, act or omission of Franchisee or Franchisee's employees and agents on, from or in connection with the Premises or in connection with Franchisee's business, or claim or allegation or investigation of any of the foregoing. All losses, settlements and/or judgments suffered by Franchisee, GGFC, GGFL, or third parties resulting from, or related to, use or occupancy of the Premises, or any rights granted to Franchisee by this Agreement, shall be Franchisee's responsibility.

B. Franchisee shall maintain at Franchisee's own expense, worker's compensation insurance according to the laws of the state where the Premises are located. Franchisee shall provide GGFL with proof of insurance whenever requested by GGFL. If Franchisee fails to provide GGFL with proof of this insurance, then without excusing this material breach or relieving any of Franchisee's obligations to provide this insurance, GGFL may obtain this or similar insurance at Franchisee's cost. The cost shall be deemed to be additional rent payable by Franchisee to GGFL within ten (10) days after written notice to Franchisee.

C. Franchisee shall notify GGFL and/or GGFC in writing within 3 days of the commencement of any action, suit or proceeding and/or issuance of any government or court order which may adversely affect the operation or financial condition of Franchisee or the Wienerschnitzel restaurant.

D. As stated in Section 7 above, GGFL shall provide insurance, including but not limited to, commercial general liability and property insurance, and will charge you a pro-rated portion.

13. ASSIGNMENT AND SUBLEASING

Franchisee shall have no right or power to and shall not purport to sell, transfer, assign or mortgage this Agreement or any interest therein, or sublease, or permit any other person or entity to occupy or use all or any part of the Premises without GGFC's or GGFL's prior written consent.

14. DEFAULTS AND REMEDIES

A. The occurrence of any of the following events shall each be a default by Franchisee:

(1) Franchisee's abandonment of the Premises;

(2) Franchisee's failure to make a payment of Rent or additional rent provided for in this Agreement, as and when due;

(3) Franchisee's failure to observe or perform any express or implied covenant or provision of this Agreement, within the time stated for performance, or if no time is stated, then within five (5) days (ten (10) days for insurance defaults) after receipt of written notice from GGFL to Franchisee. Where applicable, any notice under this Section 14(A)(3) shall be in lieu of, and not in addition to, any notice required by California Code of Civil Procedure Section 1161 or other law.

(4) Falsification of or falsehood in any record or report from Franchisee or failure to submit

a report requested by GGFL and/or GGFC;

(5) (a) Making by Franchisee of a general assignment for the benefit of creditors; (b) filing by or against Franchisee of a bankruptcy petition; (c) appointment, regardless of duration, of a trustee, receiver, or keeper to take possession of substantially all Franchisee's assets at the Premises or of Franchisee's interest in this Agreement; or (d) attachment, execution, or seizure, judicial or otherwise, of substantially all Franchisee's assets at the Premises or of Franchisee's interest in this Agreement.

B. If GGFC and/or GGFL elect to terminate this Agreement due to breach or default by Franchisee, GGFC, GGFL and Franchisee agree it is and would be impracticable and extremely difficult to determine precisely the actual damages suffered by GGFC and GGFL. Therefore, the parties agree to the sum of five thousand dollars (\$5,000) as liquidated damages which Franchisee shall pay jointly to GGFL and GGFC in the event of termination for breach or default. The parties acknowledge that this amount is a reasonable estimate of the amount of damages to GGFC and GGFL from the termination due to Franchisee's breach or default. This liquidated damages amount shall be additional to holdover amounts described in Section 20 of this Agreement and additional rent due under this Agreement.

C. In the event of default by Franchisee, GGFC and/or GGFL shall also have the right, with or without terminating this Agreement, to re-enter and remove all persons and property from the Premises. The removed property may be stored in a public warehouse or elsewhere at the cost of and for the account of Franchisee. Re-entry or taking possession of the Premises by GGFC and GGFL shall not by itself be construed as an election to terminate this Agreement unless written notice of this intention is given to Franchisee or unless termination is decreed by a court having jurisdiction. Franchisee shall cooperate with and avoid hindrance of re-entry. Franchisee shall not claim, and GGFC and GGFL and their personnel shall not be liable for trespass, forcible entry, forcible detainer or any form of damages for or as part of any re-entry or action taken as part of or in relation to the re-entry.

D. In addition to other remedies available to GGFC and GGFL, they shall be entitled to enjoin any breach by Franchisee of any provision in this Agreement. In the event of a breach or threatened breach, GGFC and GGFL shall have all other rights and remedies allowed at law or equity or by statute or otherwise as if re-entry, summary proceedings, and other remedies were not provided for elsewhere in this Agreement.

E. In addition to all other rights and remedies available to GGFC and GGFL, and not in lieu of any other right or remedy, and not as an exclusive remedy, GGFC and GGFL shall have the rights to (i) assess Franchisee a service charge of two hundred fifty dollars (\$250), or more, for each breach or default comprised of a noncompliance or other form of violation of any standard, procedure, or requirement of this Agreement or the Manual, and/or (ii) each acting on its own or both acting together, to implement remedial or cure actions, and charge Franchisee all costs and expenses incurred to do so, and collect such charges from Franchisee by automated debit or other method, in lump sum or over time, if Franchisee fails to cure a breach of any standard procedure or requirement, or requiring or involving correction, replacement, improvement or other attention concerning maintenance, design, décor, appearance, obsolescence, or the like concerning the restaurant or any furniture, fixtures, equipment or other aspect of the restaurant.

F. GGFC or GGFL's failure to insist on strict performance of any provision of this Agreement does not waive any right or remedies GGFC or GGFL may have, and does not waive any subsequent breach of that provision and does not waive the right of GGFC or GGFL to later insist on strict performance. GGFC or GGFL's exercise of any right or remedy does not waive any other right or remedy. All rights or remedies may be exercised independently or cumulatively as GGFC, GGFL, or both elect. It is the parties' intent that all GGFC's and GGFL's rights and remedies be cumulative to and not in lieu of each other or other available rights and remedies.

G. GGFL's acceptance of Rent does not waive any breach by Franchisee, regardless of GGFL's knowledge of the breach at the time of accepting Rent.

H. In addition to the right of possession of the Premises with or without process of law, and all other remedies for default or on any other ground provided by law, GGFC and GGFL shall be entitled to appointment of a receiver for the Premises and its improvements and appurtenances, and their rents, issues, and profits, as a matter of right and without regard to adequacy of security for performance of this Agreement. Any court having jurisdiction may appoint the receiver on ex parte application and without notice to Franchisee. Franchisee waives notice. The receiver shall apply all rents, issues, profits, income and revenue from improvements on the Premises or appurtenances to payment of rent, together with taxes and insurance premiums, and other obligations of Franchisee. Franchisee agrees and consents to GGFL being appointed as receiver.

I. Any provision of this Agreement which imposes an obligation after termination or expiration shall survive termination or expiration of this Agreement and shall continue to be binding until fully performed or until, by its nature, the provision has expired.

15. UNDERLYING ESTATES-CONDEMNATION

If GGFL is not the owner of the Premises, this Agreement is subject to all provisions of the lease, and other agreements, which entitle GGFL, or related entity, to possession of the Premises. This Agreement shall terminate automatically on the assignment of the lease by GGFL, or related entity, or on termination or expiration of the lease regardless of reasons for or which party initiates, termination or expiration. Franchisee shall not do or permit to be done any act or omission which would impair or jeopardize GGFL's, or related entity's, interest under any such lease. If GGFL, or related entity, owns the Premises and sells or contracts to sell all or any part of the Premises, then GGFL or GGFL's, or related entity's, buyer shall have the right to terminate this Agreement. If all or any part of the Premises is condemned for public or quasi-public use, Franchisee waives, in favor of GGFC and GGFL, and/or their related entities, all right to or interest in any condemnation award or settlement.

16. INTELLECTUAL PROPERTY; DISCOVERIES

A. Franchisee shall not disclose to any other person any information pertaining to ingredients, methods of conducting business, contents of the Manual or any other material or information that GGFL or GGFC designates as confidential, or that given its nature Franchisee should recognize as confidential. This obligation lasts in perpetuity and thus survives expiration, termination, cancellation or assignment of this Agreement. Franchisee may disclose to employees, the portions of the information

that are essential for them to know to do their jobs. Franchisee shall cause the employees to refrain from further disclosure. Franchisee shall require personnel specified by GGFL or GGFC to execute written agreements for Franchisee's benefit, agreeing to protect confidentiality, and shall provide copies to GGFL and GGFC.

B. Franchisee shall fully and promptly disclose to GGFL all ideas, concepts, formulas, recipes, methods, techniques and other possible improvements relating to development or operation of a Wienerschnitzel restaurant which Franchisee conceives or becomes aware of due to conception or suggestion of others or otherwise. GGFL shall be deemed to be authorized to develop, modify, use and authorize others to use the matters disclosed, without further compensation to Franchisee or others beyond the consideration comprised of this Agreement. Franchisee shall execute GGFL's choices of assignments of rights and/or licenses in the foregoing to GGFL, assist GGFL in obtaining and enforcing intellectual property rights therein, and hereby designates GGFL as Franchisee's agent and attorney-in-fact to file all documentation related to the foregoing. Franchisee shall not test, offer, or sell any new product without GGFL's prior written consent.

17. ATTORNEY'S FEES

If any action at law or in equity is commenced regarding any matter under this Agreement, or to enforce or interpret this Agreement, the prevailing party shall also be entitled to recover reasonable attorney's fees and costs. If GGFC, GGFL or both are made a party in any litigation between Franchisee and any third party, Franchisee shall pay all reasonable costs, including attorney's fees, incurred by GGFC and GGFL in that litigation.

18. FRANCHISEE'S BUSINESS

A. Nothing in this Agreement shall be construed to reserve to GGFC or GGFL any right to exercise control over or direct Franchisee's conduct or management of the business; but the entire control and direction of the business and operation shall be and remain in Franchisee, subject only to Franchisee's performance of the obligations provided for in this Agreement and compliance with the Manual. Franchisee acknowledges that the requirements of this Agreement and the Manual are necessary to protect the goodwill and reputation of the Trademarks.

B. Neither Franchisee nor any person performing any duties or engaged in any work on the Premises at Franchisee's request shall be deemed an employee or agent of GGFC or GGFL.

C. Franchisee shall pay when due and before delinquency, all employer's and employees' taxes, sales and other taxes required by federal, state and local law and shall provide GGFL with proof of payment on GGFL's request.

D. Provided Franchisee paid to GGFL the sales tax for goods sold from the Premises and executes documents that GGFL requires, GGFL shall pay the sales tax on Franchisee's behalf to the appropriate state agency.

E. If GGFL elects to pay the sales tax and though Franchisee has not paid the monies to GGFL, then Franchisee shall pay the monies to GGFL within three (3) days after written notice from GGFL.

requesting payment.

F. GGFL shall have the right to adjust upward for inflation on an annual basis, any fees or charges set, provided for or described in this Agreement or otherwise as a dollar amount or fixed amount. Any such adjustment shall be based on increases reflected by a reasonable inflation index published by the U.S. Government and selected by Franchisor. If the government ceases publishing such an index, GGFL shall select another reasonable index.

G. This Agreement does not confer on Franchisee any right to use the Trademarks, color schemes or advertising signs or devices except as provided in this Agreement. GGFC and/or GGFL shall have the right to remove any of its trade names, color schemes, Trademarks, advertising signs or devices from the Premises any time on expiration or termination of the Agreement.

H. Franchisee shall not register as a domain name any of the Trademarks or similar words. GGFC and GGFL shall have the sole right to advertise on the Internet and create, use, or stop using a website containing the Trademarks. Unless GGFC or GGFL consents in writing, Franchisee shall not link or frame any website of GGFC or GGFL or its affiliates, conduct any business or offer to sell or advertise any products or services on the web, or create or register any Internet domain name connected with the franchise.

I. The parties intend to be independent contractors with Franchisee on the one side and GGFC and GGFL on the other. Nothing in this Agreement, whether in the method of computing Rent or otherwise, shall create between the parties, or be relied by others as creating, any partnership, association, joint venture, employment, principal-agent or other form of relationship.

J. Franchisee shall refrain at all times from any and all forms of disparagement of GGFC, GGFL and their personnel and affiliates, as well as the brand, and from encouraging or supporting disparagement by others, including but not limited to communications to the public, to franchisees, and others, whether in social media, news media, or elsewhere.

19. AMERICAN WITH DISABILITIES ACT (ADA)

As of the date of this Agreement, the Premises (have / have not) been inspected by a Certified Access Specialist (CASP).

If the Premises have not been issued a disability access inspection certificate, it is agreed between GGFC, GGFL, and Franchisee that a can inspect the Premises and determine whether the Premises complies with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the Premises, GGFC and GGFL may not prohibit Franchisee from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Franchisee, if requested by Franchisee. The parties hereto shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards with the Premises.

20. HOLDOVER

If Franchisee remains in possession after expiration or termination of this Agreement or any renewal or extension, that possession shall be at a Rent of two thousand dollars (\$2,000) per day.

21. DELINQUENT AMOUNTS

A. Time is of the essence of Franchisee's payment obligations. Any monies due from Franchisee to GGFC or GGFL are delinquent if not paid on the dates provided for in this Agreement. All monies shall be due and payable and must be received at GGFC's and GGFL's office at 7700 Irvine Center Drive, Suite 550, Irvine, California 92618 on the dates provided for in this Agreement.

B. If Franchisee does not timely pay an amount, the delinquent amount shall bear interest at the lesser of the maximum lawful rate of interest for a non-personal loan in the state where the Premises are located or one-and-one-half percent (1½%) per month (which equates to 18% per year), from the date due until date paid. In addition to interest, Franchisee shall pay two hundred fifty dollars (\$250), or more, as compensation to GGFC or GGFL for additional services and expenses required due to the delinquency.

22. NOTICES

All notices shall be in writing, may be given to Franchisee by personal service or to Franchisee. Notice may also be given to Franchisee, GGFC or GGFL by certified or registered mail, or by overnight carrier, which shall be deemed given when the notice is deposited in the mail postage or charges prepaid, and addressed to Franchisee at the address stated in the introductory paragraph to this Agreement or at the address of the Premises, or addressed to GGFC or GGFL at: 7700 Irvine Center Drive, Suite 550, Irvine, California 92618. Franchisee, GGFC and GGFL may change their notice addresses by notice in writing to the other, however Franchisee may always be personally served and be served at the address of the Premises.

23. CLOSING CHARGE

From the security deposit provided for in Section 5, GGFL shall be entitled to deduct Five hundred dollars (\$500) on termination of this Agreement for any reason prior to the one year anniversary of the effective date of this Agreement. This amount shall be deemed to be payment to GGFL for accounting expenses incurred in closing accounts of Franchisee. If expiration or termination occurs after this Agreement has been in effect for one year, then GGFL will waive this closing charge. The closing charge is not imposed on account of a transfer by Franchisee to another location.

24. CONSENTS

Franchisee shall have no right to and shall not make any claim and Franchisee waives any claim for money damages, set off, counterclaim or defense based on any claim that GGFL or GGFC unreasonably withheld or delayed a requested consent or approval. Franchisee's sole and exclusive remedy for any such claim shall be an action or proceeding to enforce the provision or for specific performance or declaratory judgment concerning the consent or approval.

25. ENTIRETY AND SUCCESSORS

This Agreement contains all the terms agreed by GGFC and GGFL on the one hand and Franchisee on the other hand; supersedes all prior negotiations, representations and agreements with Franchisee; and is the entire agreement between GGFC, GGFL on the one hand and Franchisee on the other, concerning its subject. No other agreements, oral or otherwise, exist or bind the parties and all prior discussions, negotiations, representations, understandings and agreements are merged into and superseded by this Agreement. Franchisee represents that (a) there is no other contemporaneous agreement or understanding that is not contained in this instrument; (b) Franchisee is aware that no officer, employee or agent of GGFC or GGFL has authority to make any representation or promise not stated in this Agreement; and (c) Franchisee executed this Agreement without reliance on any supposed representation or promise not stated in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by all of the parties.

26. TIME OF ESSENCE

Time is of the essence of Franchisee's performance of obligations in this Agreement.

27. GOVERNING LAW; JURISDICTION; VENUE

This Agreement shall be deemed to be entered into and to require payment and other performance at GGFL's and GGFC's principal office in Irvine, California. In all matters concerning validity, interpretation, performance, effect or otherwise of this Agreement, California law shall apply and govern. Any action or proceeding brought by either party regarding any matters arising under or related to this Agreement, shall be brought and tried exclusively in the federal or state courts in Orange County, California. The parties consent to the jurisdiction and venue of such courts. Franchisee waives any right to cause the action or proceeding to be brought or tried elsewhere.

28. COUNTERPARTS

This Agreement may be executed in two or more counterparts. Each counterpart shall be deemed an original. When taken together all shall be deemed to be the same instrument.

Franchisee executed this Agreement as of the date stated in the introductory paragraph of this Agreement.

29. ADDITIONAL DISCLOSURE

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.

Signature Page Follows

GGFC:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: _____
Thomas J. Haldorsen~~Robert E. Mathews~~
Signature
Its: General Counsel~~Vice President~~

FRANCHISEE:

Printed Name

GGFL:

GALARDI GROUP FRANCHISE & LEASING, LLC,
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.,
a California corporation

By: _____
Thomas J. Haldorsen, General Counsel~~Robert E. Mathews, Vice President~~

EXHIBIT "A"
WIENERSCHNITZEL RESTAURANT # _____
RENT SCHEDULE

Franchisee shall pay to GGFL the greater of the Minimum Monthly Rent, as stated below, or the sum of the Monthly Percentage Rent and Monthly Increased Sales Percentage Rent, as stated below, monthly according to the terms of the Franchisee Agreement.

1. Minimum Monthly Rent, Monthly Percentage Rent, Utility Adjustment & Base Net Sales.

"Minimum Monthly Rent" shall be the amount stated below for each month. "Monthly Percentage Rent" shall be an amount equal to Net Sales for the month times Percentage Rent minus the Utility Adjustment for each month.

<u>Month</u>	<u>Minimum Monthly Rent</u>	<u>Percentage Rent</u>	<u>Base Net Sales</u>	<u>Utility Adjustment</u>
January	\$ _____	_____ %	\$ _____	\$ _____
February	\$ _____	_____ %	\$ _____	\$ _____
March	\$ _____	_____ %	\$ _____	\$ _____
April	\$ _____	_____ %	\$ _____	\$ _____
May	\$ _____	_____ %	\$ _____	\$ _____
June	\$ _____	_____ %	\$ _____	\$ _____
July	\$ _____	_____ %	\$ _____	\$ _____
August	\$ _____	_____ %	\$ _____	\$ _____
September	\$ _____	_____ %	\$ _____	\$ _____
October	\$ _____	_____ %	\$ _____	\$ _____
November	\$ _____	_____ %	\$ _____	\$ _____
December	\$ _____	_____ %	\$ _____	\$ _____

2. Monthly Increased Sales Percentage Rent.

"Monthly Increased Sales Percentage Rent" shall be an amount equal to _____ and _____ Percent (____%) times the dollar increase between the Base Net Sales, as stated above, and the Net Sales for each month.

EXHIBIT "B"

MINOR MAINTENANCE

Franchisee shall purchase, install, maintain and replace, as necessary, the following maintenance items from GGFL approved sources:

1. Interior and exterior lights.
2. Air conditioning filters.
3. Flexible gas lines on the fryer, hamburger and hot dog grills.
4. Fan belts on the fryer exhaust.
5. O-ring and gasket shake machine replacement parts.
6. Miscellaneous hardware items such as knobs, screws, doorknobs, locks, soap and towel dispensers.
7.

1 Push Broom	1 Deck Brush
1 Putty Knife - 2"	1 Floor Squeegee - 18"
2 Rubber Spatulas	1 French Knife - 10"
1 Thermometer 220	1 Griddle Pad Holder
1 Thermometer 440	1 Grill Scraper & Blade
3 Tongs - 9"	1 Grill Thermometer 400
2 Water Hoses	2 Janitor Brooms
1 Window Squeegee - 12"	1 Lobby Dust Pan
1 Bastard File	1 Lobby Toy Broom
3 Bottles (ketchup)	1 Mop Bucket with Casters
3 Bottles (mustard)	1 Mop Handle
1 Carton Cutter - 3"	1 Mop Press

Franchisee will maintain the following:

1. All portable fire extinguishers. GGFL will perform an annual service on extinguishers.
2. Drain lines, except severe problems uncorrected after three (3) attempts by a professional drain cleaning service at Franchisee's expense.
3. Calibration of all grills.
4. Performance of the Preventative Maintenance Program described on Exhibit "C".
5. Landscape maintenance (for restaurants not paid by GGFL).
6. Property damage not covered by insurance.

EXHIBIT "C"
STORE LEVEL PREVENTATIVE MAINTENANCE PROGRAM

Franchisee will maintain the following on a daily basis:

1. Clean Bun, Chili and Polish Steamers thoroughly.
2. Check all light fixtures, inside and outside. Replace all faulty fixtures immediately.

Franchisee will maintain the following on a weekly basis:

1. Clean intake and return air vents with mild soap and water. Re-adjust vent to 1/4" opening.
2. Visually (sight) and olfactory (smell) check the gas flex lines.
3. Manually check gas flex lines (soap and water test).
4. Replace gas flex lines if kinked or leaking.
5. Turn condenser units off; clean coils thoroughly and turn on after cleaning.
6. Break down all removable parts of coffee/tea machine; clean thoroughly and allow to dry overnight.

Franchisee will maintain the following on a monthly basis:

1. Clean safe head, safe head pins and safe head rim (underside). Lube safe head pins and safe head dial (WD-40).
 2. Flush each drink line with hot water; flush until each line is completely clear.
 3. Drain sweetwater bath; scrub compartment and lines; flush compartment and refill. Unit must be turned off before cleaning.
 4. Check drip pan of shake machine daily; replace O-ring kit bi-monthly and clean condenser monthly.
 5. Lube door lock, hinges and window guides (WD-40).
 6. Flush floor drain with cold water only for 2 minutes. Replace all covers and/or traps.
 7. Pick up all debris from roof top; sweep roof, clean out drains, and clean up grease spills. (Concept 80's)
 8. Check outside operation of swamp coolers:
 - a. Panels in place (corrected).
 - b. Water supply on (corrected).
 - c. Calcium build-up on pads (cleaned). (Remove with high pressure hose or whiskbroom).
 9. Check inside operation of swamp coolers:
 - a. Water outlets clogged (cleaned).
 - b. Water trough dirty (cleaned).
 - c. Fan belt off or frayed (replace).
- Most swamp coolers are thermostatically controlled in Concept 80's.
Check for proper setting of thermostats.
Cooling -- 78 degrees Heating -- 68 degrees

10. Compressor Cage - Recon Pack (Concept 80's only):
 - a. Check breaker panel (located at end of unit). All breakers on? (Reset if necessary).
 - b. Check all condenser coils (clean with whiskbroom).
 - c. Check time clock on walk-in freezer compressor for proper "time of day" setting.
 - d. Replace door panels.
11. Exhaust Systems - Grills/Fryers:
 - a. Systems running.
 - b. Remove assembly; check fan belts: if off or frayed, replace.
 - c. Empty and clean drip trays.
12. Air Conditioner:
 - a. Downstairs thermostat settings at 78 & 68 degrees.
 - b. Check breaker system (running).
 - c. Replace filters.
13. Portable Hand Fire Extinguishers (Kitchen, Backroom, Dining Room, Upstairs):
 - a. Check indicator dial for full charge.
 - b. If not charged call for service (Master Fire Protection) at the Franchisee's expense.
14. Energy Management System(s):
 - a. Check program clock monthly to insure correct operation.

EXHIBIT "D"

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

(COMPANY NAME)

NAME OF BANK _____

NAME OF BRANCH, IF ANY _____

ADDRESS OF BANK _____

ACCOUNT IN THE NAME OF _____

ACCOUNT # _____

The undersigned requests and authorizes you to pay and charge to the above account the undersigned's checks drawn on that account by and payable to the order of Galardi Group Franchise & Leasing, LLC, provided there are sufficient collected funds in the account to pay the same on presentation. Your rights with respect to any check so drawn shall be the same as if it were drawn on you and signed by the undersigned. It will not be necessary for any officer or employee of _____ to sign such checks. This authority remains in effect until revoked by me in writing and until you receive notice, I agree that you shall be fully protected in honoring any such check.

It is further agreed that if any such check is dishonored, whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever.

(Date)

(Bank Signature of Depositor)

(Attach Voided Check Here)

EXHIBIT "E" - [INSERT IF APPLICABLE: THIS NOTE IS NOT SELF-AMORTIZING AND A SUBSTANTIAL
BALLOON PAYMENT WILL BE DUE ON THE MATURITY DATE]

EXHIBIT "E"

PROMISSORY NOTE

\$_____ [Insert Amount]
_____, _____ [Insert Location Signed]
_____, 20__ [Insert Date]

In installments as herein stated, for value received, the undersigned (jointly and severally if more than one) ("Maker") hereby promises to pay to the order of GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("Payee"), with its principal business address at 7700 Irvine Center Drive, Suite #550, Irvine, California 92618, the principal sum of _____ DOLLARS (\$_____), with interest from the _____ day of _____, 20__ (the "Disbursement Date"), on the unpaid principal at the rate of _____ percent (____%) per annum.

1. Principal and Interest. Principal and interest under this Promissory Note (this "Note") shall be payable in installments of principal and accrued interest thereon as follows:

_____ DOLLARS (\$_____) on the _____ day of each calendar month, starting on the _____ day of _____, 20__, and continuing until the _____ day of _____, 20__ (the "Maturity Date"), on which date the entire unpaid balance of principal and accrued interest shall be due and payable. Interest shall be computed on the basis of a year of 360 days and paid for actual days for which due, including the Disbursement Date and each payment date.

2. Payments, Penalties, and Prepayments.

(a) All payments of principal and interest shall be made by Maker at or prior to 10:00 A.M. on the date due at the principal business address of Payee set forth above, or as such other place as Payee may designate in writing to Maker, without offset, deduction, or counterclaim, in lawful money of the United States of America and in immediately available funds.

(b) If any payments or amounts due hereunder to Payee whether by acceleration or otherwise are overdue, Maker shall pay Payee immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Payee may have.

(c) Notwithstanding any provision of this Note to the contrary, it is the intent of Maker and Payee that Payee shall not at any time be entitled to receive, collect or apply, and Maker and Payee shall not be deemed to have contracted for, as interest on the principal indebtedness evidenced hereby, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and in the event Payee ever receives, collects or applies as interest any such excess, such excess shall be deemed partial payment of the principal indebtedness evidenced hereby, and if such principal shall be paid in full, any such excess shall forthwith be paid to Maker.

[(d) This Note may be prepaid at any time, in whole or in part, without penalty or premium of any kind.]

(e) Maker shall pay Payee on demand any reasonable out-of-pocket expenses (including reasonable attorneys' fees and disbursements) arising out of, or in connection with, any action or proceeding taken to protect, enforce, determine or assert any provision, right or remedy under this Note (including any action or proceeding arising or related to any insolvency, bankruptcy or reorganization involving or affecting Maker).

3. Events of Default. An Event of Default includes each of the following:

- (a) Maker shall fail to make any payment under this Note when due, where such failure continues for ten (10) days after receipt of written notice of such failure;
- (b) Maker defaults in the performance of any other obligation, covenant, condition or provision in this Note, where such default continues for more than thirty (30) days after written notice of such failure;
- (c) Maker or any of its principals or affiliates defaults in the performance of any obligation, covenant, condition or provision under any other agreement between Maker (or any principal or affiliate of Maker) with Payee (or any principal or affiliate of Payee) and , including without limitation any franchise agreement, equipment lease, real property lease or sublease, and any other agreement relating to Wienerschnitzel Unit #___ located at _____ (collectively, the "Other Agreements"), where such default continues beyond applicable notice and cure periods (if any) set forth in the applicable Other Agreement(s);
- (d) Any proceeding for attachment or garnishment or the like shall be commenced against Maker by any creditor of Maker and shall not be dismissed or stayed within ten (10) days' notice thereof from Payee to Maker;
- (e) A proceeding shall have been instituted in a court having jurisdiction seeking a decree or order for relief in respect of Maker or any guarantor of any indebtedness evidenced by this Note in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or any such guarantor or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) consecutive days, or such court shall enter a decree order granting any of the relief sought in such proceeding; or
- (f) Maker shall commence a voluntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of himself or herself or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall admit in writing an inability to pay any of its debts as they become due, or shall take any action in furtherance of any of the foregoing.

4. Consequences of Event of Default. Maker agrees that upon the occurrence of an Event of Default specified in Paragraph 3 above, then the whole of the principal of the indebtedness evidenced by this Note, and any other sums then unpaid by Maker under this Note shall, at the option of Payee forthwith become due and payable without notice or any other act.

5. Cross-Default. Maker agrees that an Event of Default under this Note shall be deemed an event of default under each of the Other Agreements, and shall entitle Payee (or its affiliate(s)) to exercise the remedies in those Other Agreements (or otherwise available at law or in equity) on account of such event of default.

6. Notices.

- (a) All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, or when delivery is made by Federal Express or other overnight courier service, or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage pre-paid, in each case addressed as follows: (i) if to Payee, addressed to Payee at its principal business address set forth above [, with a copy to _____]; (ii) if to Maker, addressed to Maker at _____ [insert address].

- (b) Notices signed by the respective attorneys of Maker or Payee shall be deemed sufficient within the meaning of this Paragraph 6 without the signature of the parties themselves and such notice shall be deemed to have been

given on the date of delivery to the addresses of the party to whom such notice is addressed.

7. Miscellaneous. Maker further agrees as follows:

- (a) All parties now or hereafter liable with respect to this Note, whether Maker, any guarantor, endorser, or any other person or entity, hereby waive presentment for payment, demand, notice of nonpayment or dishonor, protest and notice of protest.
- (b) No delay or omission on the part of Payee or any holder hereof in exercising its rights under this Note shall operate as a waiver of such rights or any other right of Payee or any holder hereof, nor shall any waiver by Payee or any holder hereof, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.
- (c) Except as may be agreed by Payee in writing, Maker shall not have the right to assign, transfer, or pledge this Note or any of its rights or obligations under this Note. This Note shall bind Maker and the successors, heirs, executors, administrators, and permitted assigns of Maker, and the benefits hereof shall inure to the benefit of Payee and its successors and assigns. All references herein to "Maker" shall be deemed to refer to Maker and the successors and permitted assigns of Maker, and all references herein to "Payee" shall be deemed to refer initially to the originally named Payee herein and, after an assignment of this Note by Payee, to the then current holder of this Note.
- (d) This Note may not be changed or terminated orally, but only by an agreement in writing signed by Maker and Payee.
- (e) This Note shall be governed by and construed in accordance with the internal laws of California, without regard to its conflicts of laws principles. All actions or proceedings arising directly or indirectly hereunder, whether instituted by Maker or Payee, shall be brought exclusively in any federal or state court located within the State of California, County of Orange, and each of Maker and Payee expressly consents to the exclusive jurisdiction of any state or federal court located within said state and county, and waives any defense of forum non conveniens and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Note.
- (f) The rights and remedies expressly provided in this Note are cumulative to, and not exclusive of, any rights or remedies that Payee would otherwise have.
- (g) In the event of any default, claim, proceeding (including a bankruptcy proceeding), arbitration, mediation, counter-claim, action (whether legal or equitable), appeal or otherwise, whether initiated by Payee or Maker (or a debtor-in-possession or bankruptcy trustee), which arises out of, under, or is related in any way to this Note, or any Other Agreement, or any governmental examination or investigation of Maker which requires Payee's participation (individually and collectively, the "Claim"), Maker, in addition to all other sums which Maker may be called upon to pay under the provisions of this Note, shall pay to Payee, on demand, all costs, expenses and fees paid or payable in connection with the Claim, including, but not limited to, attorneys' fees and out-of-pocket costs, including travel and related expenses incurred by Payee or its attorneys, whether or not the Claim is pursued to judgment.
- (h) Whenever possible, each provision of this Note will be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Note is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Note.
- (i) Maker waives the benefit of any statute or rule of law or judicial decision, including without limitation California Civil Code Section 1654, which would otherwise require that the provisions of this Note be construed or interpreted most strongly against the party responsible for the drafting thereof.

IN WITNESS WHEREOF, Maker, intending to be legally bound, has executed this Note as of the date and year first

above written.

MAKER:

By: _____

Printed Name: _____

WITNESS/ATTEST:

By: _____

Printed Name: _____

EXHIBIT C

AMENDMENT TO LIMITED FRANCHISE
AND LEASE AGREEMENT

1

GGFL, GGFC and Franchisee entered into a Limited Franchise and Lease Agreement dated _____, 20____ in which Franchisee leased from GGFL and GGFC the premises of
 Wienerschnitzel Restaurant No. _____ located at _____
 _____. GGFL, GGFC and Franchisee mutually want to
 continue their relationship at a different Wienerschnitzel restaurant location. Accordingly, the parties
 have agreed that the Limited Franchise Agreement shall be amended as follows:

- "1. PREMISES

2. Section I of Paragraph 3. RENT is deleted in its entirety and replaced with the following:

- | <u>Month</u> | <u>Weekly Payment</u> | <u>Month</u> | <u>Weekly Payment</u> |
|--------------|-----------------------|--------------|-----------------------|
| January | \$ _____ | July | \$ _____ |
| February | \$ _____ | August | \$ _____ |
| March | \$ _____ | September | \$ _____ |
| April | \$ _____ | October | \$ _____ |
| May | \$ _____ | November | \$ _____ |
| June | \$ _____ | December | \$ _____ |

Unless GGFL notifies Franchisee in writing to pay applicable state sales tax directly to the taxing authority, in addition to any amounts due in excess of the weekly payments, Franchisee shall pay to GGFL within such seven (7) day period the applicable state sales tax for sales from the premises. GGFL shall administer these amounts as provided in Section 17.

1

In the event weekly rent payments exceed rent due for the month, GGFL shall apply any excess toward the following amounts due GGFL, in the listed order:

- (1) State sales tax;
- (2) Any other sums due GGFL under this Limited Franchise and Lease Agreement or otherwise; and
- (3) The next weekly payment of rent."

3. Paragraph A of Section 5. SECURITY DEPOSIT is deleted in its entirety and replaced with the following:

"A. On execution of this Limited Franchise and Lease Agreement, Franchisee shall deposit the sum of _____ DOLLARS (\$_____) as a non-interest bearing deposit (which may be co-mingled with GGFL's other funds) to secure Franchisee's performance of this Limited Franchise and Lease Agreement, and the payment of any indebtedness or liability of Franchisee to GGFL, however incurred, or to any other person in any manner arising out of this Limited Franchise and Lease Agreement, occupancy of the premises or the operation of the Wienerschnitzel business conducted on or from the premises. On execution of this Limited Franchise and Lease Agreement, the deposit shall be paid in cash or, at GGFL's option, in installments of at least THREE HUNDRED AND 00/100 DOLLARS (\$300.00) per month, under the terms of a promissory note in the form attached as Exhibit "D."

4. Exhibit "A" is deleted in its entirety and replaced with Exhibit "A" attached hereto.

5. All other provisions of the Limited Franchise and Lease Agreement, as amended, shall remain in full force and effect.

Executed at Irvine, California.

GGFL & GGFC:

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: _____

Printed name: _____

Title: General Counsel~~Vice President~~

FRANCHISEE:

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member
GALARDI GROUP FRANCHISE & LEASING, INC.,
a California corporation

By: _____

Printed name: _____
General Counsel~~Vice President~~

EXHIBIT "A"

WIENERSCHNITZEL UNIT # _____ RENT SCHEDULE

Franchisee shall pay GGF&L the greater of the Minimum Monthly Rent, as set forth below, or the sum of the Monthly Percentage Rent and Monthly Increased Sales Percentage Rent, as set forth below, monthly in accordance with the terms of this Limited Franchisee and Lease Agreement.

1. Minimum Monthly Rent, Monthly Percentage Rent, Utility Adjustment & Base Net Sales.

"Minimum Monthly Rent" shall be the amount stated below for each month. "Monthly Percentage Rent" shall be an amount equal to the Net Sales for the month times the Percentage Rent minus the Utility Adjustment for each month.

<u>Month</u>	<u>Minimum Monthly Rent</u>	<u>Percentage Rent</u>	<u>Base Net Sales</u>	<u>Utility Adjustment</u>
January	\$ _____	_____ %	\$ _____	\$ _____
February	\$ _____	_____ %	\$ _____	\$ _____
March	\$ _____	_____ %	\$ _____	\$ _____
April	\$ _____	_____ %	\$ _____	\$ _____
May	\$ _____	_____ %	\$ _____	\$ _____
June	\$ _____	_____ %	\$ _____	\$ _____
July	\$ _____	_____ %	\$ _____	\$ _____
August	\$ _____	_____ %	\$ _____	\$ _____
September	\$ _____	_____ %	\$ _____	\$ _____
October	\$ _____	_____ %	\$ _____	\$ _____
November	\$ _____	_____ %	\$ _____	\$ _____
December	\$ _____	_____ %	\$ _____	\$ _____

2. Monthly Increased Sales Percentage Rent.

"Monthly Increased Sales Percentage Rent" shall be an amount equal to _____ and _____ Percent (____%) times the dollar increase between the Base Net Sales, stated above, and the Net Sales for each month.

EXHIBIT C

EXHIBIT D
PROMOTIONAL ALLOWANCE AGREEMENT

PROMOTIONAL ALLOWANCE ASSIGNMENT AGREEMENT

This AGREEMENT is made as of the _____ day of _____, 20____, by and between GALARDI GROUP FRANCHISE & LEASING, LLC ("GGFL"), GALARDI GROUP FRANCHISE CORP. ("GGFC") and the following Wienerschnitzel franchisee or limited franchisee: _____ ("Franchisee").

APPLICABLE IF FRANCHISEE IS A WIENERSCHNITZEL FULL FRANCHISEE:

1. Pursuant to Section 9 of the Franchise Agreement between the parties, Franchisee is obligated to pay a percentage of Net Sales of the restaurant toward advertising and marketing promotions. For this Agreement, Net Sales has the meaning in the Franchise Agreement.

2. As an additional advertising and marketing obligation, Franchisee transfers, assigns and conveys to GGFL all Franchisee's right, title and interest in and to any marketing or promotion allowances which Franchisee is or may become entitled to from any manufacturer, supplier, distributor, purveyor, vendor or other provider of products or services ("Supplier"). Each Supplier and its subsidiaries, agents or assigns is hereby directed and authorized to remit and deliver all marketing or promotion allowance payments directly to GGFL, unless otherwise notified in writing by GGFL.

APPLICABLE IF FRANCHISEE IS A WIENERSCHNITZEL LIMITED FRANCHISEE:

3. In consideration for GGFL implementing an overall marketing plan in accordance with Section 7 of the Operator Agreement between the parties, Franchisee transfers, assigns and conveys to GGFL all Franchisee's right, title and interest in and to any marketing or promotion allowances which Franchisee is or may become entitled to from any manufacturer, supplier, distributor, purveyor, vendor or other provider of products or services ("Supplier"). Each Supplier and its subsidiaries, agents or assigns is hereby directed and authorized to remit all marketing or promotion allowance payments directly to GGFL unless otherwise notified in writing by GGFL.

APPLICABLE TO BOTH FULL FRANCHISEES AND LIMITED FRANCHISEES:

4. The funds may be co-mingled with GGFL's general revenues and funds; but such amounts shall be used and disbursed by GGFL for advertising, public relations and/or promotion activities and/or creation and development of advertising and promotion programs seeking to promote, enhance and/or advertise the chain on a national, regional and/or local basis. The fees shall also be used to reimburse GGFL for administrative costs, advertising agency fees, legal and overhead expenses connected with administration of advertising, public relations and promotion.

5. This Agreement is binding on the parties for the entire period of Franchisee's current franchise term, any extensions or renewals, or any future Franchise Agreements to which Franchisee may be or become a party.

6. Any election by GGFL not to enforce or any delay in enforcing this Agreement or any particular term(s) of this Agreement shall not constitute a waiver of the right to future enforcement of this Agreement or such term(s). Franchisee waives any defense or claim of waiver, waiver by delay, waiver by laches or the like.

7. Franchisee shall execute further instruments and documents and take further actions that GGFL requests from time to time to affirm, reaffirm and assist in giving effect to this Agreement, including but not limited to executing further instructions to manufacturers, suppliers, distributors, purveyors and vendors of products and services.

8. In the event of any act or omission by Franchisee that disrupts or delays delivery of the funds to GGFL, or receipt or retention by Franchisee of any such funds without immediately turning the funds over to GGFL, Franchisee shall be obligated to compensate GGFL for delay by delivering the funds and paying interest on the funds at the rate of one-and-one-half percent (1½%) per month (which equates to 18% per year) from the date when the funds would or should have been received by GGFL absent such act or omission, whichever is earlier, until GGFL actually receives possession of the funds.

9. If any legal action or other proceeding is brought for the enforcement of this Agreement, or for a declaration of rights or duties, or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorney's fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

10. Headings in this Agreement are part of the Agreement to explain which provisions are applicable.

EXECUTED at Irvine, California on the date stated in the introductory paragraph.

GGFL & GGFC:

GALARDI GROUP FRANCHISE & LEASING, LLC
a California limited liability company

By: Its Managing Member

GALARDI GROUP FRANCHISE &
LEASING, INC., a California corporation

By: _____
Its: ~~General Counsel~~ Vice President

FRANCHISEE:

WIENERSCHNITZEL NO. _____

Name

Address

City and State

GALARDI GROUP FRANCHISE CORP.,
a California corporation

By: _____
Its: ~~General Counsel~~ Vice President

EXHIBIT D

EXHIBIT E
DIRECT DEBIT AGREEMENT

AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENT (DIRECT DEBIT)

(COMPANY NAME)

NAME OF BANK _____

NAME OF BRANCH, IF ANY _____

ADDRESS OF BANK _____

ACCOUNT IN THE NAME OF _____

ACCOUNT # _____

The undersigned requests and authorizes you to pay and charge to the above account the undersigned's checks drawn on that account by and payable to the order of Galardi Group Franchise & Leasing, LLC, provided there are sufficient collected funds in the account to pay the same on presentation. Your rights with respect to any check so drawn shall be the same as if it were drawn on you and signed by the undersigned. It will not be necessary for any officer or employee of _____ to sign such checks. This authority remains in effect until revoked by me in writing and until you receive such notice, I agree that you shall be fully protected in honoring any such check.

If any such check is dishonored, whether with or without cause and whether intentionally or inadvertently, you shall be under no liability whatsoever.

(Date)

(Bank Signature of Depositor)

(Attach Voided Check Here)

EXHIBIT F
PROMISSORY NOTE

**[INSERT IF APPLICABLE: THIS NOTE IS NOT SELF-AMORTIZING AND A SUBSTANTIAL
BALLOON PAYMENT WILL BE DUE ON THE MATURITY DATE]**

PROMISSORY NOTE

\$_____ [Insert Amount]
_____, _____ [Insert Location Signed]
_____, 20__ [Insert Date]

In installments as herein stated, for value received, the undersigned (jointly and severally if more than one)("Maker") hereby promises to pay to the order of GALARDI GROUP FRANCHISE & LEASING, LLC, a California limited liability company ("Payee"), with its principal business address at 7700 Irvine Center Drive, Suite #550, Irvine, California 92618, the principal sum of _____ DOLLARS (\$_____), with interest from the _____ day of _____, 20__ (the "Disbursement Date"), on the unpaid principal at the rate of _____ percent (____%) per annum.

1. Principal and Interest. Principal and interest under this Promissory Note (this "Note") shall be payable in installments of principal and accrued interest thereon as follows:

_____ DOLLARS (\$_____) on the _____ day of each calendar month, starting on the _____ day of _____, 20__, and continuing until the _____ day of _____, 20__ (the "Maturity Date"), on which date the entire unpaid balance of principal and accrued interest shall be due and payable. Interest shall be computed on the basis of a year of 360 days and paid for actual days for which due, including the Disbursement Date and each payment date.

2. Payments, Penalties, and Prepayments.

(a) All payments of principal and interest shall be made by Maker at or prior to 10:00 A.M. on the date due at the principal business address of Payee set forth above, or as such other place as Payee may designate in writing to Maker, without offset, deduction, or counterclaim, in lawful money of the United States of America and in immediately available funds.

(b) If any payments or amounts due hereunder to Payee whether by acceleration or otherwise are overdue, Maker shall pay Payee immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until paid, at the rate of ten percent (10%) per annum, or the maximum rate permitted by law, whichever is less. Entitlement to such interest shall be in addition to any other remedies Payee may have.

(c) Notwithstanding any provision of this Note to the contrary, it is the intent of Maker and Payee that Payee shall not at any time be entitled to receive, collect or apply, and Maker and Payee shall not be deemed to have contracted for, as interest on the principal indebtedness evidenced hereby, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and in the event Payee ever receives, collects or applies as interest any such excess, such excess shall be deemed partial payment of the principal indebtedness evidenced

hereby, and if such principal shall be paid in full, any such excess shall forthwith be paid to Maker.

[(d) This Note may be prepaid at any time, in whole or in part, without penalty or premium of any kind.]

(e) Maker shall pay Payee on demand any reasonable out-of-pocket expenses (including reasonable attorneys' fees and disbursements) arising out of, or in connection with, any action or proceeding taken to protect, enforce, determine or assert any provision, right or remedy under this Note (including any action or proceeding arising or related to any insolvency, bankruptcy or reorganization involving or affecting Maker).

3. Events of Default. An Event of Default includes each of the following:

(a) Maker shall fail to make any payment under this Note when due, where such failure continues for ten (10) days after receipt of written notice of such failure;

(b) Maker defaults in the performance of any other obligation, covenant, condition or provision in this Note, where such default continues for more than thirty (30) days after written notice of such failure;

(c) Maker or any of its principals or affiliates defaults in the performance of any obligation, covenant, condition or provision under any other agreement between Maker (or any principal or affiliate of Maker) with Payee (or any principal or affiliate of Payee) and , including without limitation any franchise agreement, equipment lease, real property lease or sublease, and any other agreement relating to Wienerschnitzel Unit #___ located at _____ (collectively, the "Other Agreements"), where such default continues beyond applicable notice and cure periods (if any) set forth in the applicable Other Agreement(s);

(d) Any proceeding for attachment or garnishment or the like shall be commenced against Maker by any creditor of Maker and shall not be dismissed or stayed within ten (10) days' notice thereof from Payee to Maker;

(e) A proceeding shall have been instituted in a court having jurisdiction seeking a decree or order for relief in respect of Maker or any guarantor of any indebtedness evidenced by this Note in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of Maker or any such guarantor or for any substantial part of its property, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismissed or unstayed and in effect for a period of sixty (60) consecutive days, or such court shall enter a decree order granting any of the relief sought in such proceeding; or

(f) Maker shall commence a voluntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of himself or herself or for any substantial part of its property, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall admit in writing an inability to pay any of its debts as they become due, or shall take any action in furtherance of any of the foregoing.

4. Consequences of Event of Default. Maker agrees that upon the occurrence of an Event of Default specified in Paragraph 3 above, then the whole of the principal of the indebtedness evidenced by this Note, and any other sums then unpaid by Maker under this Note shall, at the option of Payee forthwith become due and payable without notice or any other act.

5. Cross-Default. Maker agrees that an Event of Default under this Note shall be deemed an event of default under each of the Other Agreements, and shall entitle Payee (or its affiliate(s)) to exercise the remedies in those Other Agreements (or otherwise available at law or in equity) on account of such event of default.

6. Notices.

(a) All notices and other communications hereunder shall be in writing and shall be deemed given when delivered by hand, or when delivery is made by Federal Express or other overnight courier service, or three (3) business days after being mailed by registered or certified mail, return receipt requested, postage pre-paid, in each case addressed as follows: (i) if to Payee, addressed to Payee at its principal business address set forth above [, with a copy to _____]; (ii) if to Maker, addressed to Maker at _____ [insert address].

(b) Notices signed by the respective attorneys of Maker or Payee shall be deemed sufficient within the meaning of this Paragraph 6 without the signature of the parties themselves and such notice shall be deemed to have been given on the date of delivery to the addresses of the party to whom such notice is addressed.

7. Miscellaneous. Maker further agrees as follows:

(a) All parties now or hereafter liable with respect to this Note, whether Maker, any guarantor, endorser, or any other person or entity, hereby waive presentment for payment, demand, notice of nonpayment or dishonor, protest and notice of protest.

(b) No delay or omission on the part of Payee or any holder hereof in exercising its rights under this Note shall operate as a waiver of such rights or any other right of Payee or any holder hereof, nor shall any waiver by Payee or any holder hereof, of any such right or rights on any one occasion be deemed a bar to, or waiver of, the same right or rights on any future occasion.

(c) Except as may be agreed by Payee in writing, Maker shall not have the right to assign, transfer, or pledge this Note or any of its rights or obligations under this Note. This Note shall bind Maker and the successors, heirs, executors, administrators, and permitted assigns of Maker, and the benefits hereof shall inure to the benefit of Payee and its successors and assigns. All references herein to "Maker" shall be deemed to refer to Maker and the successors and permitted assigns of Maker, and all references herein to "Payee" shall be deemed to refer initially to the originally named Payee herein and, after an assignment of this Note by Payee, to the then current holder of this Note.

(d) This Note may not be changed or terminated orally, but only by an agreement in writing signed by Maker and Payee.

(e) This Note shall be governed by and construed in accordance with the internal laws of California, without regard to its conflicts of laws principles. All actions or proceedings arising directly or indirectly hereunder, whether instituted by Maker or Payee, shall be brought exclusively in any federal or state court located within the State of California, County of Orange, and each of Maker and Payee expressly consents to the exclusive jurisdiction of any state or federal court located within said state and county, and waives any defense of forum non conveniens and irrevocably agrees to be bound by any judgment rendered thereby in connection

with this Note.

(f) The rights and remedies expressly provided in this Note are cumulative to, and not exclusive of, any rights or remedies that Payee would otherwise have.

(g) In the event of any default, claim, proceeding (including a bankruptcy proceeding), arbitration, mediation, counter-claim, action (whether legal or equitable), appeal or otherwise, whether initiated by Payee or Maker (or a debtor-in-possession or bankruptcy trustee), which arises out of, under, or is related in any way to this Note, or any Other Agreement, or any governmental examination or investigation of Maker which requires Payee's participation (individually and collectively, the "Claim"), Maker, in addition to all other sums which Maker may be called upon to pay under the provisions of this Note, shall pay to Payee, on demand, all costs, expenses and fees paid or payable in connection with the Claim, including, but not limited to, attorneys' fees and out-of-pocket costs, including travel and related expenses incurred by Payee or its attorneys, whether or not the Claim is pursued to judgment.

(h) Whenever possible, each provision of this Note will be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Note is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Note.

(i) Maker waives the benefit of any statute or rule of law or judicial decision, including without limitation California Civil Code Section 1654, which would otherwise require that the provisions of this Note be construed or interpreted most strongly against the party responsible for the drafting thereof.

IN WITNESS WHEREOF, Maker, intending to be legally bound, has executed this Note as of the date and year first above written.

MAKER:

By: _____
Printed Name: _____

WITNESS/ATTEST:

By: _____
Printed Name: _____

EXHIBIT G

CONTINUING GUARANTY

CONTINUING GUARANTY & SUBORDINATION AGREEMENT

1. CONTINUING GUARANTY.

_____ ("Guarantor(s)")
whose address is _____ as a material
inducement to and in consideration of GALARDI GROUP FRANCHISE & LEASING, LLC ("GGFL") and
GALARDI GROUP FRANCHISE CORP. ("GGFC") entering into agreements with
_____ ("Obligor"), including but not
limited to the agreements described on attached Exhibit A, unconditionally guarantees and promises
to and for the benefit of GGFL and GGFC the timely, full and faithful performance of all provisions of all
agreements, any and all amendments and any and all addendums thereto, and any other agreements
now or later after made between, on the one hand, GGFL and/or GGFC and on the other hand, Obligor
(the "Agreements") and all obligations now or later undertaken or arising of Obligor to GGFL and/or
GGFC. This is a CONTINUING GUARANTY of all present and future obligations of Obligor to GGFL
and GGFC, whether due or not due, absolute or contingent, liquidated or unliquidated, determined or
undetermined, and whether Obligor may be liable individually or jointly with others, or whether recovery
on the obligations may be or become barred by any statute of limitations, or by any estoppel, or whether
such obligations may be or become unenforceable for any other reason.

a) Guarantor(s)' obligations under this Guaranty are joint and several and independent of the
obligations of Obligor. Guarantor(s) consent that a separate action or actions may be brought and
prosecuted against Guarantor(s) whether or not action is brought against Obligor or whether or not
Obligor is joined in such action or actions. Guarantor(s) waive the benefit of and promise not to assert
the defense of any statutes of limitations or defense of laches affecting their liability hereunder or
enforcement hereof.

b) Guarantor(s) waive any right to require GGFL or GGFC to: (a) proceed first against Obligor;
(b) proceed at all against Obligor; (c) proceed against or exhaust any security held from Obligor; or (d)
pursue any other remedy in GGFL's or GGFC's power. Guarantor(s) waive any defense arising by
reason of any disability or other defense of Obligor or by reason of the cessation from any cause
whatsoever of the liability of Obligor or by reason of GGFL or GGFC having modified the obligations of
Obligor, whether expressly or impliedly, orally or in writing, or by reason of GGFL or GGFC not having
notified Guarantor(s) of Obligor's breach or impending breach or failure or impending failure to perform,
or by reason of GGFL or GGFC negotiating resolution with Obligor, or by reason of any act of omission
of GGFL or GGFC being claimed to affect Guarantor(s) right or remedies as against Obligor, or as
against any other person or entity.

c) Until all obligations of Obligor to GGFL and GGFC have been satisfied in full, Guarantor(s)
shall have no right of subrogation, and waive any right to enforce any remedy which GGFL or GGFC
now have or may later have against Obligor, and waive any benefit of, and any right to participate in
any security now or later held by GGFL or GGFC. GGFL and/or GGFC may foreclose, either by judicial
foreclosure, or by exercise by power of sale, any security for the obligations. Even though foreclosure
may destroy or diminish Guarantor(s)' rights against Obligor, Guarantor(s) shall be liable to GGFL and
GGFC for any part and for all of the obligations remaining after foreclosure. Guarantor(s) waive all
presentments, demands for performance, notice of non-performance, protest, notices of protest,
notices of dishonor, and notices of acceptance of this Guaranty and of the existence, creation, or
incurring of new or additional obligations, or modification of obligations, and statute of limitations and
laches defenses.

d) In addition to all liens on, and rights of set-off against the monies, securities or other property of Guarantor(s) given to GGFL and GGFC by law, GGFL and GGFC shall have a lien on and right of set-off against all monies, securities and other property of Guarantor(s) now or later in the possession of or on deposit with GGFL and GGFC, whether held in a general or special account or deposit, or for safekeeping, or legally or equitably, directly or in trust, or otherwise; and every such lien and right of set-off may be exercised without demand on or notice to Guarantor(s). No lien or right of set-off shall be deemed to have been waived by any act or conduct on the part of GGFL or GGFC or by neglect to exercise such right of set-off or to enforce such lien, or by any delay in doing so or by any omission and every right of set-off and lien shall continue in full force and effect until such right of set-off or lien is specifically, expressly waived or released by an instrument in writing executed by GGFL and GGFC.

2. SUBORDINATION.

Any indebtedness or obligation of Obligor now or later held by or acquired by Guarantor(s) is hereby subordinated to the indebtedness or obligation of Obligor to GGFL and GGFC. Such indebtedness or obligation of Obligor to Guarantor(s), if GGFL and GGFC request, shall be collected, enforced and received by Guarantor(s) as trustees for GGFL and GGFC and shall be paid over to GGFL and GGFC on account of the indebtedness or other obligation of Obligor to GGFL and GGFC but without reducing or effecting in any manner the liability of Guarantor(s) under the other provisions of this Guaranty.

3. ATTORNEY'S FEES.

Guarantor(s) agree to pay reasonable attorney's fees and other costs and expenses which may be incurred by GGFL and/or GGFC in the enforcement of this Guaranty and or in collection and enforcement efforts against Obligor.

4. MISCELLANEOUS.

a) It is not necessary for GGFL and GGFC to inquire into the powers of Obligor or the members, managers, officers, directors or agents acting or purporting to act on behalf of the obligator, and any agreements or obligations made or created in reliance on the professed exercise of such power shall be guaranteed hereunder.

b) Any married person who signs this Guaranty agrees that recourse may be had against that person's separate property and that person's interest in community property for all obligations under this Guaranty.

c) This Guaranty shall bind and benefit the successors, assignees, transferees, personal representatives, heirs, or other persons or entity succeeding the rights or obligations of either party.

d) This Guaranty shall be interpreted and construed according to the laws of the State of California. The provisions of this Guaranty shall be interpreted according to their fair meanings with liberal construction to be given in favor of GGFL and GGFC as needed to advance the enforcement of this Guaranty against Guarantor(s) and not strictly for or against any party.

e) The following in this Section 4(e) is applicable only in the case of any Guarantor(s) having an interest in the Franchise that is subject to this Guaranty and completing a transfer of all Guarantor(s)'

interests in the Franchise and only if indicated by the blanks being filled in and this paragraph being specially initialed. Notwithstanding anything to the contrary in this Guaranty, Guarantor's obligations and liabilities under this Guaranty shall be limited so as not to exceed the extent of Guarantor(s)' obligations and liabilities in relation to the agreements as then exist on the effective date of the transfer (which is acknowledged to be _____, 20__) and Guarantor's obligations and liabilities under this Guaranty shall terminate and be of no further force or effect after _____, 20__.

Initials of Guarantor(s): _____

Executed this _____ day of _____, 20__.

GUARANTOR(S):

PERCENTAGE OF OWNERSHIP
IN FRANCHISE OWNER

EXHIBIT "A"

1. Franchise Agreement dated the ____ day of _____, ____.
2. Sublease dated the ____ day of _____, ____.
3. Advertising Association Agreement dated the ____ day of _____, ____.
4. Equipment Lease dated the ____ day of _____, ____.
5. Other agreement(s) and/or obligations (list here):

EXHIBIT G

EXHIBIT H
OPERATIONS MANUAL TABLE OF
CONTENTS

Exhibit H

Wienerschnitzel

CONTENTS

OPERATIONS MANUAL

ADMINISTRATIVE

		<u>No of Pages</u>
Section 1	Wienerschnitzel Concept	4
Section 2	Restaurant Policies	15
Section 3	Human Resources	33
Section 4	Labor Management	13
Section 5	Paperwork	31
Section 6	Preventative Maintenance	2
Section 7	Sanitation	21
Section 8	Security	26
Section 9	Emergencies	27
Section 10	Safety	11
Section 11	Facility Standards	169
Section 12	Purchasing	11
Section 13	Ordering, Receiving and Storage	12
Section 14	Cleanliness	34
	Total Pages	409

Wienerschnitzel

CONTENTS

OPERATIONS MANUAL

PROCEDURES

		<u>No. of Pages</u>
Section 1	Produce and Condiment Preparation	62
Section 2	Hamburger Procedures	19
Section 3	Hot Dog and Polish Procedures	44
Section 4	Fryer Procedures	26
Section 5	Drink and Dessert Procedures	21
Section 6	Bagging	10
Section 7	Service Procedures	21
Section 8	Dining Room Procedures	3
Section 9	Opening and Closing Procedures	25
Section 10	Tastee Freez	28
Section 12	Breakfast Procedures	27
Section 13	Hospitality	8
Section 14	Quick Reference	3
Section 15	Limited Time Offer	18
	Total Pages	315

EXHIBIT I
LIST OF CURRENT & DEPARTED
FRANCHISEES

WIENERSCHNITZEL - LIMITED FRANCHISEES
(As of December 2024)

CALIFORNIA

Apple Valley

WS#768 Jose Luevano

12218 Apple Valley Road Bldg 3 Suite A, Apple Valley, CA 92308 (L)

Beaumont

WS#789 Modern Traditional Foods Inc.

1658 E Second Street Marketplace, Beaumont, CA 92223 (L)

Buena Park

WS#326 Lama Foods Enterprise

7501 Orangethorpe Ave, Buena Park, CA 90620 (L)

Chula Vista

WS#381 Annlee Terrell

282 Palomar St, Chula Vista, CA 91911 (L)

Colton

WS#490 ~~Rachid Ennadja Mill Hotdogs, Inc.~~

801 West Valley, Colton, CA 92324 (L)

Compton

WS#3 Monserrat Lucero-Reyes

1300 East Rosecrans Ave., Compton, CA 90221 (L)

~~Covina~~

~~WS#316 Nayham Enterprises Inc.~~

~~1212 N Azusa Ave, Covina, CA 91722 (L)~~

El Cajon

WS#475 Juventino Pacheco

1281 E Main Street, El Cajon, CA 92021 (L)

Escondido

WS#51 KBB Enterprise LLC

960 Easy Valley Parkway, Escondido, CA 92025 (L)

Fontana

WS#296 Waleed Nassar

10056 Sierra Avenue, Fontana, CA 92335 (L)

Fremont

WS#345 ~~AA Heredia Corp~~ Jude345 LLC
34480 Fremont Blvd., Fremont, CA 94555 (L)

Hesperia

WS#558 Luevano Food, Inc.
15555 Main Street #E, Hesperia, CA 92345 (L)

Highland

WS#801 WGN Corp
2565 East Highland Avenue, Highland, CA 92346 (L)

Huntington Beach

WS#239 Lama Food s Enterprise
18012 Beach Blvd, Huntington Beach, CA 92646 (L)

Imperial Beach

WS#358 Ann lee Terrell
1253 Palm Ave, Imperial Beach, CA 91932 (L)

Indio

WS#47 Moses Hernandez
82-608 Highway 111, Indio, CA 92201 (L)

Laguna Hills

WS#376 ~~AZ Wiener, Inc.~~ Ocampo Foods, Inc.
25202 Cabot Rd, Laguna Hills, CA 92653 (L)

Lake Elsinore

WS#788 Berger Boys CA, LLC
18284 Collier Ave #200, Lake Elsinore, CA 92530 (L)

Long Beach

WS#150 ~~Rebeca Saucedo~~ SALO, Inc.
101 West Willow, Long Beach, CA 90806 (L)

Los Angeles

WS#90 Salvaco Foods, Inc.
4714 West Slauson, Los Angeles, CA 90056 (L)

Moreno Valley

WS#527 BUSHRA, Inc.
24007 Sunnymead Blvd., Moreno Valley, CA 92553 (L)

Newport Beach

WS#390 Ocampo Foods, Inc.

4501 Jamboree Rd, Newport Beach, CA 92660 (L)

Norwalk

WS#6 ~~Monserrat Lucero-Reyes~~ Veras Hot Diggity Dog LLC
11660 E Imperial Hwy, Norwalk, CA 90650 (L)

Oceanside

WS#25 Juan Venegas
624 N Coast Hwy, Oceanside, CA 92054 (L)

Ontario

WS#322 West Coast Doggs, Inc.
1820 S Euclid Ave, Ontario, CA 91761 (L)

Rancho Cucamonga

WS#467 Ledell and Aggie David-Clough
9421 Foothill Blvd, Rancho Cucamonga, CA 91730 (L)

Rialto

WS#544 West Coast Doggs, Inc.
1388 West Foothill Blvd, Rialto, CA 92376 (L)

Ridgecrest

WS#379 ~~Hasibul Sharif~~ WNG Corp
220 S China Lake Blvd, Ridgecrest, CA 93555 (L)

Riverside

WS#23 Lena Foods Enterprise
3695 Central Ave, Riverside, CA 92506 (L)

San Bernardino

WS#370 ~~Mills Hotdogs, Inc.~~ JJDAV LLC
494 South E Street, San Bernardino, CA 92401 (L)

San Jose

WS#122 AA Heredia Corp.
702 N Fourth Street, San Jose, CA 95112 (L)

WS#129 AA Heredia Corp.
902 East Santa Clara, San Jose, CA 95116 (L)

WS#355 MM Celino Corp.
411 N Capitol Ave, San Jose, CA 95133 (L)

WS#366 MM Celino Corp.
845 Braham Lane, San Jose, CA 95136 (L)

Santa Clara
WS#41 MH Heredia Corp.
75 Saratoga, Santa Clara, CA 95050 (L)

South Gate
WS#85 Monserrat Lucero
3328 E. Firestone Blvd., South Gate, CA 90280 (L)

Upland
WS#543 Modern Traditional Foods Inc.
1381 E Foothill Boulevard, Upland, CA 91786 (L)

Wilmington
WS#1 ~~Rebeca Saucedo~~ SALO, Inc.
900 W Pacific Coast Hwy, Wilmington, CA 90744 (L)

ARIZONA

Chandler
WS#738 Wienerschnitzel Chandler, LLC
2100 North McQueen Road, Chandler, AZ 85225

Glendale
WS#737 Moses Hernandez
9370 West Northern, Glendale, AZ 85305 (L)

Queen Creek
WS#852 ~~Wienerschnitzel Eight Fifty 2, Inc.~~ ROCG LLC
21405 South Ellsworth, Queen Creek, AZ 85142 (L)

Tucson
WS#274 Paul Sticker
1401 S Kolb Rd Tucson, AZ 85710 (L)

WS#273 Chaudhry Group LLC
1481 S Alverson Way, Tucson, AZ 85711 (L)

WS#454 Elisa Calderon
6346 North Oracle Rd, Tucson, AZ 85704 (L)

WS#145 Galen Allums
3460 N Oracle Road, Tucson, AZ 85705 (L)

WS#691 Galen Allums
2155 S. 6th Ave, Tucson, AZ 85713 (L)

NEW MEXICO

Albuquerque

WS#367 ABQ Hot Dogs West, Inc.
6300 San Mateo Blvd. N.E., Albuquerque, NM 87109 (L)

WS#456 JTHD, LLC
110 Juan Tabo Blvd NE, Albuquerque, NM 87123 (L)

WS#521 521 Rojas, LLC
9651 Menaul Blvd NE, Albuquerque, NM 87112 (L)

WS#523 ~~Carlisle HD, LLC~~ EY Hotdogs LLC
2929 Carlisle Blvd NE, Albuquerque, NM 87110 (L)

WS#841 NM Hot Dogs, Inc.
2551 Corona Dr., Albuquerque, NM 87120 (L)

Hobbs

WS#146 HCL Hobbs, Inc.
1321 North Turner, Hobbs, NM 88240 (L)

Los Lunas

WS#833 ~~#833~~ LL Doggs, LLC
1433 Main Street SW, Los Lunas, NM 87031 (L)

TEXAS

Abilene

~~WS#586 SPNR Holdings, Inc.~~
~~2997 South 14th Street, Abilene, TX 79605 (L)~~

Allen

WS#624 Luevano Food, Inc.
415 E Bethany Drive, Allen, TX 75002 (L)

Amarillo

WS#192 ~~Avalanche Monkey 6 LLC~~ Marie192 LLC

2801 S Western Street, Amarillo, TX 79109 (L)

WS#328 Spyderdaws, Inc.
4431 Bell Street, Amarillo, TX 79109 (L)

WS#396 Zeidan Inc.
1507 Ross St, Amarillo, TX 79102 (L)

El Paso

WS#364 364Malt, LLC
1200 North Yarborough Drive, El Paso, TX 79925 (L)

WS#365 Texas Hotdogs, LLC
7000 North Mesa Street, El Paso, TX 79912 (L)

WS#389 389 Hotdog^s, LLC
10008 Dyer Street, El Paso, TX 79924 (L)

WS#828 828 Hotdog, LLC
12100 Montana, El Paso, TX 79938 (L)

Lubbock

WS#102 Eyad Al-Sweiti
1202 50th Street, Lubbock, TX 79412 (L)

Lufkin

WS#870 Purpose Marketing Group, LLC
101 N. Brentwood Drive, Lufkin, TX 75904 (L)

Mesquite

WS#628 Renaly Food Inc.
1904 Oates Drive, Mesquite, TX 75150 (L)

Nederland

WS#869 Juan Venegas
3620 Nederland Ave., Nederland, TX 77627 (L)

Orange

WS#152 Juan Venegas
2420 McArthur Drive, Orange, TX 77630 (L)

WIENERSCHNITZEL – DEPARTED FRANCHISEES
(As Of December 202~~2~~4)

Franchisees whose franchises have terminated, canceled, not renewed or who have voluntarily or involuntarily ceased to do business pursuant to an operator agreement within the last 12 months:

CALIFORNIA

Hesperia

WS#558 Rachid Ennadjia
15555 Main Street #E, Hesperia, CA 92345 (L)

Indio

WS#47 Raed Karhani
82-608 Highway 111, Indio, CA 92201 (L)

Laguna Hills

WS#376 Wienerluxo, Inc.
25202 Cabot Rd, Laguna Hills, CA 92653 (L)

South Gate

WS#85 Arturo Sandoval
3328 E. Firestone Blvd., South Gate, CA 90280 (L)

Upland

WS#543 Angie and Ledell Clough
1381 E Foothill Boulevard, Upland, CA 91786 (L)

Colton

WS#490 Rachid Ennadjia
801 West Valley, Colton, CA 92324 (L)

Covina

WS#316 Nayham Enterprises Inc.
1212 N Azusa Ave, Covina, CA 91722 (L)

Fremont

WS#345 AA Heredia Corp
34480 Fremont Blvd., Fremont, CA 94555 (L)

Laguna Hills

WS#376 AZ Wiener, Inc.
25202 Cabot Rd, Laguna Hills, CA 92653 (L)

Long Beach

WS#150 Rebeca Saucedo

101 West Willow, Long Beach, CA 90806 (L)

Norwalk

WS#6 Monserrat Lucero-Reyes

11660 E Imperial Hwy, Norwalk, CA 90650 (L)

Ridgecrest

WS#379 Norma Gomez

220 S China Lake Blvd, Ridgecrest, CA 93555 (L)

San Bernardino

WS#370 Mills Hotdogs, Inc.

494 South E Street, San Bernardino, CA 92401 (L)

Wilmington

WS#1 Rebeca Saucedo

900 W Pacific Coast Hwy, Wilmington, CA 90744 (L)

ARIZONA

Queen Creek

WS#852 Moses Hernandez

21405 South Ellsworth, Queen Creek, AZ 85142 (L)

Queen Creek

WS#852 Wienerschnitzel Eight Fifty 2, Inc.

21405 South Ellsworth, Queen Creek, AZ 85142 (L)

NEW MEXICO

WS#523 Carlisle HD, LLC

2929 Carlisle Blvd NE, Albuquerque, NM 87110 (L)

TEXAS

Abilene

WS#586 SPNR Holdings, Inc.

2997 South 14th Street, Abilene, TX 79605 (L)

Amarillo

WS#192 Avalanche Monkey 6 LLC

2801 S Western Street, Amarillo, TX 79109 (L)

Amarillo

~~WS#192 Abdul Amoudi~~

~~2801 S Western Street, Amarillo, TX 79109 (L)~~

EXHIBIT J

ADVERTISING ASSOCIATIONS

WIENERSCHNITZEL ADVERTISING ASSOCIATIONS

Advertising Association	President	Address/Phone	Contribution Rate
Las Vegas Advertising Association	Dennis Tase	11384 Orchard View Ln Tustin, CA 92782 (949) 637-2311 dennis.tase@gmail.com	3%
WOA – Albuquerque	Jason Albritton Doug Koegeboehn	7700 Irvine Center Drive, Suite 550 Irvine, CA 92618 (949) 892-2635 dkoegeboehn@galardigroup.com	5%
WOA – Amarillo	Kim Romero	WS #328 4431 Bell St Amarillo, TX 79109 (806) 683-1896 kimromero7@aol.com	5%
WOA – Bakersfield	Erik Estrada	WS #356 4044 Ming Ave Bakersfield, CA 93309 (661) 374-9647 erikestrada1435@yahoo.com	3.5% through June 2022 Then, re-evaluate
WOA – Dallas/Ft. Worth	Doug Koegeboehn	7700 Irvine Center Drive, Suite 550 Irvine, CA 92618 (949) 892-2635 dkoegeboehn@galardigroup.com	3%
WOA – Lubbock	Terri Holmes	Terri Holmes 7813 85 th St. Lubbock, TX 79424 (806) 543-6445 tholmes428@gmail.com	4.0%

WOA – Salt Lake City	Dan Grundmann	WS#143 805 W. North Temple Salt Lake City, UT 84116 (801) 891-2975 (Cell) djgrundmann@msn.com	4.25%
WOA – San Diego	Mark Bingham	WS#413 523 Sweetwater Springs Blvd. Spring Valley, CA 91978 (619) 884-5120 (Cell) m.bingham@sbcglobal.net	4.75%
WOA- Phoenix	Dennis Tase	WS#723 804 S. McClintock Dr. Tempe, AZ 85281 (480) 968-6134 dennis.tase@gmail.com	3%
WOA – Tucson	Paul Sticker	WS#691 2155 S. 6 th Ave. Tucson, AZ 85713 (520) 624-2720 pesticker@yahoo.com	5%
WOCCOBA (Bay Area) Wienerschnitzel Cooperative Corporation of Bay Area	Joe Marques	WS #156 2844 Story Road San Jose, CA 95127 (408) 623-8924 joedog156@yahoo.com	4%
WOCCOLA (Los Angeles)	Tom Trujillo	c/o TW Inc. 1542 Plymouth Lane San Pedro, CA 90732 (213) 500-3545 tomtrujillo@me.com tom@trujillohome.com	5%

WOCCOPS (Palm Springs)	Riyad Sharqawi	WS#659 42092 Washington St. Bermuda Dunes, CA 92201 (760) 200-4467 shargawis5@aol.com	4%
WOCCOS (Sacramento)	Kamran Ghazi	WS#433 103 W Main St Woodland, CA 95695 (916) 521-4381 kamranghazitehrani@gmail.com	3.5% <u>and 1% (HS)</u>
WOCCOF (Fresno)	Barbara Brandon	c/o D.W. Investment, Inc. 2943 Larkin Avenue Clovis, CA 93612 (559) 348-9420 barbrandon@gmail.com	3%
WOA (El Paso) Wienerschnitzel Operators of El Paso	Tim Kass	1062 La Plata Las Cruces, NM 88007 (Home) (575) 642-7887 (Cell) wienerdude2007@msn.com	3.75%
Corpus Christi	Albert Juarez, Jr.	WS#224 3555 South Padre Island Drive Corpus Christi, TX 78415 (361) 876-8000 (Cell) (361) 855-0823 (Office) ajuarez@wienerschnitzel.net	3%
Grand Junction	Mark Liff Retail Operations Manager Coop Country ACE Hardware Stores	Mark Liff WS #823 1650 Hwy 6 and 50 Fruita, CO 81524 (970) 858-3667 mark@fruitacoop.co,m	3%

Salinas/Monterey	Nabil Madjub	WS#193 711 East Alisal Salinas, CA 93905 (831) 424-9999 nabeelmaj@yahoo.com	3.5%
------------------	--------------	--	------

EXHIBIT K
STATE ADMINISTRATORS

STATE ADMINISTRATORS

Listed below are names, addresses, and telephone numbers of state and federal agency personnel who have responsibility for franchising disclosure and registration laws and selected business opportunity laws. Entries for the Federal Trade Commission appear at the end of the Exhibit.

California

Department of Financial Protection
and Innovation:

Los Angeles

320 West 4th Street
Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(916) 445-7205; (866) 275-2677

San Diego

1455 Frazee Road, Suite 315~~1350 Front Street, Room 2034~~
of Financial Institutions
San Diego, California 92108~~92101-3697~~ Securities Division
(619) 610-2093; (866) 275-2677~~525-4233~~
Box 41200~~9033~~

1200~~98507-9033~~

San Francisco

One Sansome Street, Suite 600
San Francisco, CA 94104-4428
(415) 972-8559

Commissioner of Financial Protection
and Innovation:
Clothilde V. Hewett

Federal Trade Commission

Division of Marketing Practices
Bureau of Consumer Protection
Pennsylvania Avenue at 6th Street, NW

Illinois

Franchise Bureau

Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Attorney General
Kwawe Raoul

Washington

Olympia, Washington 98504-
(360) 902-8760

Department

Post Office

Washington, D.C. 20580
(202) 326-3128

EXHIBIT L

STATE DISCLOSURE ADDENDA

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

1. Illinois law governs the agreements between the parties to this franchise.
2. A franchisee's rights upon termination and/or non-renewal of a franchise are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. The Illinois Franchise Disclosure Act (815 ILCS Section 705/4) provides that "any provision in a Franchise Agreement that designates jurisdiction or venue in a forum outside of this State [Illinois] is void provided that a Franchise Agreement may provide for arbitration in a forum outside of this State [Illinois]."
6. Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

ADDENDUM TO CONTRACTS
FOR THE STATE OF ILLINOIS

This FIRST ADDENDUM TO CONTRACTS ("Addendum") is made and entered into on, _____, _____ by and between _____ ("____") and _____ ("Franchisee"), subject to the following recitals:

RECITALS

A. Franchisee is a resident of the state of Illinois or a non-resident who is acquiring franchise rights permitting the location of one or more Wienerschnitzel® Restaurants in the State of Illinois.

B. The "Contracts" covered by this Addendum include all of the following contracts, copies of which are attached as exhibits to the Franchise Disclosure Document that Company has delivered to Franchisee, i.e.: Franchise Agreement; _____ (collectively referred to as the "Contracts").

C. To the extent that the parties enter into any of the Contracts now or in the future, they desire to amend the Contracts in order to conform them to the requirements of Illinois law.

D. All capitalized terms in this Addendum shall have the same meaning assigned to them in the Contracts.

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

1. The above recitals are incorporated by the parties as part of their covenants and undertakings.

2. The provisions of the Illinois Franchise Disclosure Act of 1987 (the "Act") shall supersede any provision of the Contracts or California law which are in conflict with the Act.

3. Illinois law shall be applied to, and govern, any claim between the parties that alleges violation of the Act.

4. The parties hereby amend Section 26 of the Franchise Agreement by adding the following at the end of the paragraph:

"Nothing in this provision waives any rights you may have under Section 41 of the Illinois Franchise Disclosure Act of 1987."

5. To the extent that the Contracts designate jurisdiction or venue in a forum outside of the State of Illinois, the provision shall not be effective for Franchise Agreements entered into with an Illinois resident for a Wienerschnitzel Restaurant in the State of Illinois.

6. The parties agree that the Contracts, whether now existing or hereinafter entered into by the parties, shall be enforced in accordance with their terms, subject, however, to the terms of this Addendum.

IN WITNESS WHEREOF the parties have executed this Addendum on the date first above written.

COMPANY:

Galardi Group _____

By:

Its:

FRANCHISEE:

NAME

By:

Its:

WASHINGTON FRANCHISE AGREEMENT ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20_____.

FRANCHISOR

FRANCHISEE

This addendum may also be used as a rider to the Franchise Disclosure Document.

EXHIBIT M

AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Thomas J. Haldorsen~~Robert E. Mathews~~

Galardi Group Franchise Corp.
7700 Irvine Center Drive, Suite 550
Irvine, California 92618

CT Corporation System
330 N. Brand Blvd.
Glendale, California 91203-2336

California Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

ILLINOIS

The Attorney General
500 South Second Street
Springfield, Illinois 62706

WASHINGTON

Administrator
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, Washington 98501

EXHIBIT N
STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>State</u>	<u>Effective Date</u>
California	
Hawaii	N/A
Illinois	N/A
Indiana	N/A
Maryland	N/A
Michigan	N/A
Minnesota	N/A
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Virginia	N/A
Washington	N/A
Wisconsin	N/A

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 O
RECEIPTS

RECEIPT
(Franchisee's Copy)

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 GALARDI GROUP FRANCHISE CORP. OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (14) CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED SALE.

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE (5) BUSINESS DAYS BEFORE YOU SIGN THE FRANCHISE AGREEMENT.

IF GALARDI GROUP FRANCHISE CORP. 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, 320 WEST 4TH STREET, SUITE 750, LOS ANGELES, CALIFORNIA 90013-2344.

THE FRANCHISE SELLER FOR THIS OFFERING IS TED MILBURN, DIRECTOR OF U.S. FRANCHISE DEVELOPMENT; AND YOU MAY HAVE ADDITIONAL CONTACT WITH ROBERT MATHEWS, VICE PRESIDENT AT GALARDI GROUP FRANCHISE CORP., 7700 IRVINE CENTER DRIVE, SUITE 550, IRVINE, CALIFORNIA 92618, TELEPHONE (949) 892-2629 and TELEPHONE (949) 892-2684, respectively. AREA REPRESENTATIVES INCLUDE ZAHEED UMATIYA, AJAZ PUNJANI, SUNNY PUNJANI, ASIF PUNJANI, AND ASLAM PUNJANI.

ISSUANCE DATE: ~~APRIL 1, 2022~~ April 4, 2023

I received a Disclosure Document dated _____, ~~2023~~~~2022~~ that included the following Exhibits:

A. Financial Statements	H. Operations Manual Table of Contents
B. Operator Agreement <u>Limited Franchise and Lease Agreement</u>	I. List of Current & Departed Franchisees
C. Amendment to Operator Agreement <u>Limited Franchise and Lease Agreement</u>	J. Advertising Associates
D. Promotional Allowance Assignment	K. State Administrators
E. Direct Debit Agreement	L. State Disclosure Addenda
F. Promissory Note	M. Agents for Service of Process
G. Guaranty	N. State Effective Dates
	O. Receipts

Dated: _____

(Signature)

(Printed Name)

RETURN THE DATED AND SIGNED RECEIPT TO GALARDI GROUP FRANCHISE CORP., 7700 IRVINE CENTER DRIVE, SUITE 550, IRVINE, CALIFORNIA 92618, FACSIMILE TELEPHONE NUMBER (949) 892-2615.

RECEIPT
(Franchisor's Copy)

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 GALARDI GROUP FRANCHISE CORP. OFFERS YOU A FRANCHISE, IT MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU FOURTEEN (14) CALENDAR DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED SALE.

YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST FIVE (5) BUSINESS DAYS BEFORE YOU SIGN THE FRANCHISE AGREEMENT.

IF GALARDI GROUP FRANCHISE CORP. 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, 320 WEST 4TH STREET, SUITE 750, LOS ANGELES, CALIFORNIA 90013-2344.

THE FRANCHISE SELLER FOR THIS OFFERING IS TED MILBURN, DIRECTOR OF U.S. FRANCHISE DEVELOPMENT; AND YOU MAY HAVE ADDITIONAL CONTACT WITH ROBERT MATHEWS, VICE PRESIDENT AT GALARDI GROUP FRANCHISE CORP., 7700 IRVINE CENTER DRIVE, SUITE 550, IRVINE, CALIFORNIA 92618, TELEPHONE (949) 892-2629 and TELEPHONE (949) 892-2684, respectively. AREA REPRESENTATIVES INCLUDE ZAHEED UMATIYA, AJAZ PUNJANI, SUNNY PUNJANI, ASIF PUNJANI, AND ASLAM PUNJANI.

ISSUANCE DATE: ~~April 1, 2022~~ April 4, 2023

I received a Disclosure Document dated _____, ~~2023~~~~2022~~ that included the following Exhibits:

A. Financial Statements	H. Operations Manual Table of Contents
B. Operator Agreement <u>Limited Franchise and Lease Agreement</u>	I. List of Current & Departed Franchisees
C. Amendment to Operator Agreement <u>Limited Franchise and Lease Agreement</u>	J. Advertising Associates
D. Promotional Allowance Assignment	K. State Administrators
E. Direct Debit Agreement	L. State Disclosure Addenda
F. Promissory Note	M. Agents for Service of Process
G. Guaranty	N. State Effective Dates
	O. Receipts

Dated: _____

(Signature)

(Printed Name)

RETURN THE DATED AND SIGNED RECEIPT TO GALARDI GROUP FRANCHISE CORP., 7700 IRVINE CENTER DRIVE, SUITE 550, IRVINE, CALIFORNIA 92618, FACSIMILE TELEPHONE NUMBER (949) 892-2615.