

# FRANCHISE DISCLOSURE DOCUMENT



GDK USA, INC.  
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The franchise offered is for the operation of a premium quick service restaurant (“QSR”) that features gourmet kebabs made with healthy, nutritious locally produced ingredients and a proprietary blend of traditional spices and exclusive products for dine-in, take-away and delivery (a “**GDK Outlet**” or “**Outlet**”).

The total investment necessary to begin operation of a GDK Outlet ranges from \$635,500 to \$1,123,000. This includes between \$45,000 and \$55,000 that must be paid to the franchisor or its affiliate(s). If you sign a Multi-Site Development Agreement (“MSDA”), you will be required to open a minimum of 5 Outlets. The total investment necessary to begin operation of a GDK franchised business under a Multi-Site Development Agreement for 5 Outlets ranges from \$3,177,500 to \$5,615,000. This includes between \$225,000 and \$275,000 that must be paid to the franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different forms, contact Daniel Bunce at 11015 Beauty Lane, Dallas, Texas 75229; Telephone (248) 513-1249.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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.

Date of Issuance: September 5, 2025

## 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
<b>How much can I earn?</b>	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 Exhibits D and E.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only GDK business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a GDK franchisee?</b>	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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 A.

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 the franchisor by mediation, arbitration, or litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate or litigate, with franchisor in Delaware than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS' ADVANCE NOTICE OF THE FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(G) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

ADDRESS FOR NOTICES TO THE MICHIGAN ATTORNEY GENERAL:

DEPARTMENT OF THE ATTORNEY GENERAL  
CONSUMER PROTECTION DIVISION  
FRANCHISE SECTION  
G. MENNEN WILLIAMS BUILDING, 7th FLOOR  
525 W. OTTAWA STREET  
LANSING, MI 48909  
MAIN NUMBER: 517-373-1110  
FACSIMILE: 517-373-3042

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## EXHIBITS

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**ITEM 1**  
**THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

The Franchisor is GDK USA, INC., a Delaware corporation, referred to as “we,” “us,” or “our.” We also do business under the name “GDK®.” “You” means a person who buys the right to operate 5 or more GDK Outlets from us. If you are a corporation, partnership or other entity, certain provisions of our Franchise Agreement also will apply to your owners. This disclosure document will indicate when your owners also are covered by a particular provision.

We are a Delaware corporation formed on September 12, 2017. Our current principal business address is 11015 Beauty Lane, Dallas, Texas 75229. Our registered agent for service of process in Delaware is Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801. If we have a separate registered agent for a particular state, it is disclosed in Exhibit “A.” We conduct business under our corporate name and under the trade and service marks “GDK®,” and associated logos (“Trademarks”), designs, symbols and trade dress. We have not conducted a business of the type you will be operating and do not engage in any types of business activities other than franchising and providing services to our franchisees. However, as of the issuance date of this disclosure document, our affiliate UB, defined below) operates GDK Outlets in the United Kingdom that are similar to the one you will operate under the Franchise Agreement. We have not offered, nor do we currently offer, franchises in other lines of businesses. You may be required to purchase or lease products or services from us.

**Our Parents, Predecessors and Affiliates**

Our parent is GDK International, Ltd., a Scotland-based company (“GDKI”) that was formed on December 2, 2016. GDKI’s principal business address is Westpoint House 5 Redwood Place, East Kilbride, Glasgow G74 5PB, Scotland. It acquired the worldwide rights to GDK from Doner Kebab JLT FZ in January of 2017. GDKI has offered GDK Outlet franchises internationally since January 2017. As of the date of this disclosure document GDKI, or its affiliates, franchises 169 GDK Outlets in the United Kingdom, United Arab Emirates, Canada, Saudi Arabia and Sweden and has 8 GDK Outlets opening soon and 16 GDK Outlets under development in the United States. As of the date of this disclosure document, in the United States, we have 9 GDK Outlet franchises open and 1 under development. GDKI owns the Trademarks and has granted us a license to grant franchisees the right to use those Trademarks in the United States. GDKI has never offered franchises in any other line of business and does not operate franchises in the United States. You will not be required to purchase or lease anything from GDKI.

Our affiliate, United Brands Ltd., a Scotland-based company (“UB”) was formed on February 17, 2016. UB’s principal business address is Westpoint House, 5 Redwood Place, East Kilbride, Glasgow G74 5PB, Scotland. UB is GDKI’s Master Franchisee of the GDK brand in the United Kingdom and sells products to distributors that supply GDK Outlet franchises. UB has never offered franchises in any other line of business. You may be required to purchase or lease products and services from UB or its distributors.

Our Affiliate Hero Brands Ltd, a Scotland based company (“HB”) was formed on January 22, 2018. HB’s principal business address is Westpoint House, 5 Redwood Place, East Kilbride, Glasgow G74 5PB, Scotland. HB is the majority shareholder in GDKI. You will not be required to buy and products or services from HB.

The predecessor Doner Kebab DMCC, a Dubai-based company (“DMCC”), formerly known as Doner Kebab JLT FZ, a Dubai-based company, had a principal business address of Al Maktab Building, Al Barsha 1, Office 403, PO Box 118970, Dubai, United Arab Emirates. Other than the fact that DMCC never offered franchises in the United States and has only operated internationally, we do not know the length of time it conducted the type of business you will operate, the length of time it offered franchises providing the type of business you will operate, or whether it offered franchises in other lines of business. We are unable to obtain any further information regarding DMCC.

## **GDK System**

We have expended considerable time and effort in developing GDK Outlets, which are premium QSR restaurants that feature gourmet kebabs made with healthy, nutritious, locally produced ingredients and a proprietary blend of traditional spices and exclusive products for dine-in, take-away and delivery.

Our current form of Franchise Agreement is attached as Exhibit B to this disclosure document. When you sign the Multi-Site Development Agreement, you must sign our then-current Franchise Agreement for the first GDK Outlet you are required to develop under the Multi-Site Development Agreement and sign the Franchise Agreements for the remaining outlets you are required to develop when suitable sites have been identified and approved by us. The form of Franchise Agreement may materially differ from the form of Franchise Agreement in this disclosure document except that we will not amend the Royalty Fee from the fee disclosed in the Franchise Disclosure Document in place at the time you signed the Multi Site Development Agreement.

A typical GDK Outlet occupies approximately 1,200 to 1,400 square feet of space that may be either owned or leased from a third party. All Outlets are constructed to our specifications as to size, layout, décor and the like. GDK Outlets are typically located in a metropolitan area or surrounding suburbs, and proximity to high traffic areas is desirable. An Outlet may be located either in a freestanding building or in an in-line retail space, but, in any event, ample parking, good visibility and availability of prominent signage are a necessity. Preferred locations for Outlets are corner inline retail space, inline retail space, street kiosks or shopping malls with a mixture of residences and commercial facilities (offices and businesses) nearby.

GDK Outlets operate under the Trademarks and under distinctive business formats, including prescribed exterior and interior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations; quality and uniformity of products and services offered; and advertising and promotional programs, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”). We use, promote and license in the operation of a GDK Outlet the Trademarks, plus designs, artwork, trade dress, commercial symbols and e-names, all of which have gained and continue to gain public acceptance and goodwill. We may in the future create, use and license additional trademarks, service marks, logos, commercial symbols, e-names, designs, artwork and trade dress in conjunction with the operation of GDK Outlets.

You will operate your GDK Outlets as an independent businesses unit utilizing the Trademarks, System, business concepts, support, guidance and materials developed by us. You will offer and provide products and services to the general public under the terms and conditions contained in the Franchise Agreement and our confidential operations manuals (the “**System Standards Manuals**”) that will be loaned to you at the time of training. You must offer for sale all services, products, and merchandise we designate, unless you obtain our approval not to offer certain services, products or merchandise. You may not offer other services, products or merchandise without our prior written approval. Your GDK Outlets must at all times be compliant with our current proprietary standards as set forth in our System Standards Manual (the “**System Standards**”).

## **Multi-Site Development Agreement**

You must agree to develop the number of GDK Outlets we determine, which will be no less than 5, under the terms of an agreement (the “**Multi-Site Development Agreement**”) within designated areas established by us (the “**Development Area**”). We do not charge a separate initial fee under the individual Franchise Agreements in addition to the Initial Franchise Fee charged under the Multi-Site Development Agreement.

When you sign the Multi-Site Development Agreement, you must sign our then-current Franchise Agreement for the first GDK Outlet you are required to develop under the Multi-Site Development Agreement and sign the Franchise Agreements for the remaining outlets you are required to develop when suitable sites have been identified and approved by us. The form of Franchise Agreement may materially differ from the form of Franchise Agreement in this disclosure document except that we will not amend the Royalty Fee from the fee disclosed in the Franchise Disclosure Document in place at the time you signed the Multi Site Development Agreement.

You will be responsible for developing the number of GDK Outlets set forth in the Multi-Site Development Agreement. We will determine the size of each Development Area, the number of GDK Outlets, and the timeline by which each GDK Outlet must be open for business (the “**Development Schedule**”). Each location must be approved by us and be compliant with our System Standards. You must continue to meet our then current System Standards for the grant of a new franchise, including, without limitation, continuing to demonstrate that you are sufficiently capitalized and have sufficient financial resources to open and operate the GDK Outlets, or our approval of your development or opening of scheduled GDK Outlets may be withheld and we may choose to exercise our right to terminate the Multi-Site Development Agreement.

Our Multi-Site Development Agreement is attached as Exhibit C to this Disclosure Document.

### **Market and Competition.**

The general markets in which you will operate your GDK Outlets will include customers between the ages of 5 and 80 that are concerned about making healthier choices about the food they eat but prefer a quick bite of food on-the-go. You will be competing with other restaurants, casual restaurants, fast food restaurants, full-service restaurants, grocery stores and specialty stores that offer food and food-related products. These restaurants and similar businesses may be associated with national or regional chains or may be local independent restaurants and other businesses. You also will be competing with other food service outlets that feature products and services that differ from those offered by GDK Outlets. Your products and services will be offered to the general public, to individual consumers, for on-site consumption, take away and delivery and catering. The market for GDK Outlets is very established in the United Kingdom and the Middle East.

### **Regulations.**

You must comply with all local, state and federal, health, sanitation and environmental laws that apply to restaurant operations. You will also be required to comply with workers’ compensation, equal protection and workplace safety laws and regulations, including Title VII, and the ADA.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. Some states also have laws regulating the handling of food and food products. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on omissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality. Also, some state and local authorities have adopted, or are considering adopting, laws or regulations that would affect the content or make-up of food served in restaurants, such as the level of trans fat contained in a food item.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Athif Sarwar - Chairman**

Mr. Sarwar is Chairman of Hero Brands Ltd. (“**HB**”), the holding company of GDKI and has held this position since January 2018. Mr. Sarwar served as Chief Executive Officer of our affiliate, GDKI, from December 2016 to September 2017.

### **Simon Wallis – Chief Executive Officer – GDKI**

Mr. Wallis has been our Chief Executive Officer since April 2023. Prior to that, Mr. Wallis held various senior roles in Domino’s Pizza UK & Ireland Ltd. from June 2010 to February 2023.

### **Thomas Edmond – Chief Financial Officer – GDKI**

Mr. Edmond has been our Chief Financial Officer since November 2024. Prior to that he was Finance Director for Uptake Straegies Limited in Windsor, Berkshire, UK from October 2022 to November

2024. Prior to that he was Group Financial Controller for McLaren Applied Limited in Woking, Surrey, UK from March 2021 to October 2022. Prior to that he was Finance Manager for McDonald's Restaurants UK Limited in East Finchley, London, UK from December 2010 to February 2021.

**Daniel Bunce – Global Chief Operating Officer – GDKI**

Mr. Bunce has been our Global Chief Operating Officer since February 15, 2024 (Michigan). Prior to that, Mr. Bunce was our Global COO in Glasgow, Scotland, from March 2022 to February, 2024, and was Managing Director of United Brands, Glasgow, Scotland, from January 2017 to February 2022.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

**Initial Franchise Fee**

If you are purchasing one Outlet, you must pay to us a lump sum initial franchise fee of \$30,000 upon signing the Franchise Agreement attached to this disclosure document as Exhibit B.

If you sign the Multi-Site Development Agreement, the initial franchise fee per Outlet is \$30,000, which is payable at the time you execute the Multi-Site Development Agreement and you will also be required to sign the Franchise Agreement attached to this disclosure document as Exhibit B for your first Outlet at the same time you sign the Multi-Site Development Agreement. As you develop additional Outlets under the Multi-Site Development Agreement you will be required to sign our then-current Franchise Agreement which may materially differ from the form of Franchise Agreement in this disclosure document.

The Initial Franchise Fees for 5 Outlets is a total of \$150,000. If you are granted the right to open and operate more than the number of Outlets you are commit to open under the Multi-Site Development Agreement, you must pay an Initial Franchise Fee for each additional Outlet not included in the Development Schedule.

The Initial Franchise Fees for all Outlets are non-refundable and shall be deemed to have been fully earned and collectable by us as of the execution date of the Multi-Site Development Agreement. The Initial Franchise Fees are non-refundable and fully earned by us even if you do not develop all of the GDK Outlets you agreed to.

We do not charge a Multi-Site Development Fee in addition to the Initial Franchise Fees.

During the 2024 fiscal year, we did not sell any franchises and therefore did not charge any Initial Franchise Fees.

**Initial Training Fee**

You must pay to us between \$5,000 and \$10,000 for you and your Outlet Manager and Shift Supervisors to attend our Initial Training program for each Outlet you open. The Initial Training Fee is cumulative and not charged per person. The Initial Training Fee is fully earned, uniformly imposed and nonrefundable.

**Pre-Launch, Soft-Launch, Grand Opening Advertising**

You agree to pay us between \$10,000 and \$15,000 for your pre-launch, soft launch and grand opening advertising during the period from when the certificate of occupancy is issued and up to ninety (90) days post opening. You and we will determine the amount by mutual agreement, but in no event will it be less than \$10,000. This expenditure is fully earned, uniformly imposed and nonrefundable. The

pre-launch, soft launch and grand opening advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved.

**ITEM 6  
OTHER FEES**

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Royalty	6.0% of monthly Gross Revenues <sup>2</sup>	Due within five (5) days of the end of each calendar month	On an annual basis, we have the right to increase the fee by up to one percent (1%) of the then-current fee
Marketing Fund Fee <sup>3</sup>	3.0% of monthly Gross Revenues <sup>2</sup>	Due within five (5) days of the end of each calendar month	On an annual basis, we have the right to increase the fee by up to one percent (1%) of the then-current fee.
Cooperative Advertising Programs <sup>4</sup>	Such amounts as are determined from time to time if a Cooperative is formed, not to exceed 2% of your Gross Revenues <sup>2</sup>	As incurred	If an association of GDK Outlet franchise owners is established in a geographic area in which your Outlet is located you must join and actively participate in it. Your failure to timely contribute the amounts required by the cooperative constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your cooperative contributions and pay such contributions for you. We will determine the fee for Cooperative Advertising Programs in our sole and absolute discretion, not to exceed 2% of your Gross Revenues.
Local Restaurant Marketing Fee <sup>4</sup>	2% of Gross Revenues on local marketing activity.	As incurred	If you fail to incur such expenditure the shortfall must immediately be paid to us and we will undertake such promotional activities and advertising in your Protected Territory. Obligation waived in the event that the store is part of a GDK Cooperative Advertising Program.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
E-Commerce Fee <sup>5</sup>	Up to 2% of sales via GDK's App or Website	Due within five (5) days of the end of each calendar month	Currently we do not operate any GDK digital ordering platforms. The Franchise Agreement allows us to charge a fee based on Gross Revenues through a GDK App or GDK website ordering platform. For the avoidance of doubt no E-Commerce Fee is payable on Gross Revenue made through third party delivery aggregators such as DoorDash and Uber Eats.
Additional Training Programs <sup>6</sup>	Actual expense depends on the type of training program not to exceed \$2,500 per person.	Payable within 10 days of receipt of invoice	We may charge an attendance fee, ranging from \$300 to \$2,500 per person, for each person attending an Additional Training Program (whether mandatory or at your request). You will be responsible for all travel, living, incidental and other expenses incurred in connection with such attendance.
Transfer Fee	5% of the sales price of the GDK Outlet	Prior to consummation of the transfer, subject to approval by us	Transfer fees reflect our reasonable estimated or actual costs in effecting a transfer. For the avoidance of doubt, in the case of a share sale, the sale price shall mean the total enterprise value of the Outlet. In the event of a sale of the business and assets, the sale price shall mean the purchase consideration, including any deferred consideration and the value of any non-monetary consideration. The value of any non-monetary consideration will be estimated by us at our sole discretion
Customer Satisfaction and Quality Control Surveys	Actual expenses under circumstances	As incurred	We may institute various programs for auditing customer satisfaction and/or other quality control measures. Except as set forth in your Franchise Agreement, we bear the costs and expenses of brand standard and food safety audits we conduct. You will be responsible for all costs and expenses associated with the surveys you conduct.

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Indemnification	Actual expenses under circumstances	As incurred	You must reimburse us for, and pay for our counsel to defend us against, claims caused by or related to your operation of your GDK Outlet.
Costs and Attorneys' Fees	Actual expenses depend on nature of your default	As incurred	Payable as provided in the Franchise Agreement or to us upon your default or breach of your Franchise Agreement.
Late Charges and Collection Costs	The lesser of 18% per annum or the maximum rate of interest allowed by law plus a late fee of \$50 to cover our administration costs for each occurrence	Payable upon receipt of invoice	Only payable if you fail to make payments to us when due. Interest begins from the date payment was due.
Insufficient Fund Fee	\$30 for each dishonored check, or insufficient funds notice, you tender to us	Payable upon receipt of invoice	Only payable if you send us a dishonored check or have insufficient funds in your bank account.
Audit <sup>7</sup>	Our cost for an audit of your books and records	Payable upon receipt of invoice	Payment of the audit costs is triggered if you understate any amount in any report to us by 5% or more.
Computer Systems (Hardware and Software)	\$350 per quarter for maintenance and license fees plus our actual costs and expenses	As incurred from suppliers	You must obtain any required hardware or software required by our System Standards, including, but not limited to, the electronic point-of-sale system and all equipment and arrangements necessary to use credit card issuers we designate.
Insurance	Actual expenses depending on coverage amounts and insurance carrier	As incurred	This is the amount payable to your insurance carrier for your premiums on insurance required by the Franchise Agreement. If you fail to obtain insurance you will pay us costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

<b>Type of Fee<sup>1</sup></b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Relocation Fee	50% of our then-current Initial Franchise Fee	As incurred	You do not have the right to relocate your Outlet without our consent. If we consent to your GDK Outlet's relocation, you must pay us a fee equal to 50% of our then-current Initial Franchise Fee.
Systems Fee	Currently, \$180 per month, up to a maximum of \$360 per month. Actual expenses depending on extent and the nature and characteristics of the product, service, vendor or supplier	Payable upon receipt of invoice	We have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the hardware and software you must use in the operation of your GDK Outlet.
Supplier Evaluation Fee	Actual expenses depending on extent of evaluation and the nature and characteristics of the product, service, vendor or supplier	As incurred	If you want to propose a new supplier of Outlet Materials or Designated Equipment we may charge a fee for evaluating the alternative supplier.
On-site Assistance or Requested Assistance Fee	Actual expenses depending on site location and/or the amount of assistance needed	As incurred	If you request additional training or on-site assistance at your GDK Outlet, we can elect to charge a reasonable fee.
Successor Franchise Fee	50% of our then-current Initial Franchise Fee	At time of renewal	The fees and other conditions for any later granting of subsequent successor franchises will be governed by the successor franchise agreement.

Explanatory Notes:

1. All amounts are non-refundable and uniformly imposed by and are payable to us unless otherwise noted. All amounts listed are due and payable for each GDK Outlet we require you to develop. You are required to pay the Royalty, Marketing Fund Fee and any other amounts due to us or our affiliates by electronic funds transfer. You must comply with the procedures we specify in our System Standards Manual and perform such acts and sign and deliver such documents as may be necessary to accomplish payment by either method.

2. **“Gross Revenues”** means all revenues and income from whatever source derived or received by you from, through, by or on account of the operation of your GDK Outlet, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. There will be deducted from Gross Revenues, to the extent they have been included: (i) all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if you separately state the taxes when the customer is charged and if you pay the taxes to the appropriate taxing authority; and (ii) any documented refunds, chargebacks, credits and allowances given in good faith to customers by you (such deductions will not include any credit card user fees, delivery aggregator commissions or charges, returned checks or reserves for bad credit or doubtful accounts). You agree that the use of any coupons or other discounts, waivers, or any bartering or exchange transactions, or the sale of any products or services bearing the Intellectual Property outside your GDK Outlet without prior written approval by Franchisor is prohibited and the amount of the discount, unapproved exchange or unauthorized sale offered by you in such case shall also be included in the definition of Gross Revenues.
3. We direct all programs financed by the Marketing Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. The Marketing Fund may be used to pay the costs of preparing and producing video, audio and written and digital advertising materials; developing, enhancing and maintaining an electronic commerce web presence, including for online ordering; menu layout and design; administering system-wide regional and multi-regional advertising programs, including, without limitation, purchasing direct mail, internet, social media and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials; paying such reasonable salaries, administrative costs, travel expenses and overhead of our marketing team, including rent and utilities, as we may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing Fund; and supporting public relations, market research and other advertising, promotion and marketing activities. We maintain ownership of all market research, designs, copyrights, and other data, materials and property financed through the Marketing Fund. The Marketing Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies and individual requests of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.
4. We reserve the right to require you to participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by us and in conjunction with other local franchisees. In addition to the Marketing Fund Fees payable by you to the Marketing Fund, you agree to pay any additional contributions required in relation to your participation in any local and regional advertising cooperatives. We will determine the fee for Cooperative Advertising Programs in our sole and absolute discretion. You will not, however, be required to contribute more than an additional two per cent (2%) of your Gross Revenues for advertising and promotion in connection with these cooperatives. The Brand Owner shall have no obligation to contribute or match any amounts paid by you in relation to advertising cooperative funding. From time to time, some individual franchisees may benefit more than others from these activities. The cooperative will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the cooperative and any related agreements, as well as any changes or additions to them, are subject to our approval. All advertising utilized by the Cooperative must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the cooperative and its members. Your failure to timely contribute the amounts required by the cooperative constitutes a material breach of the provisions of your Franchise Agreement and we may offset against any amounts we owe to you the amount of your cooperative contributions and pay such contributions for you. In the event that you participate in such an a cooperative,

the amount you are required to contribute to the cooperative shall be applied to your required local marketing spend.

5. You will participate in our website, mobile application and social media accounts on the terms specified by us for the benefit of the GDK System. You will pay to us the E-Commerce Fee we determine reasonable. We reserve the right to increase or decrease the E-Commerce Fee at any time on written notice to you. The E-Commerce Fee will be used by us to cover costs and expenses relating to the GDK mobile application and website including but not limited to: (i) development, maintenance, support, hosting and any other applicable services relating to such assets; (ii) merchant data costs and banking fees incurred as a result of processing the e-commerce transactions on behalf of franchisees; and (iii) research and development of the GDK mobile application and/or website. For the avoidance of doubt the E-Commerce Fee shall not include the costs of any services provided by us solely for an individual franchisee's benefit or as expressly requested by an individual franchisee. Further, merchant fees, credit card charges and any chargebacks from banks in relation to fraudulent transactions are not covered by the E-Commerce Fee and will be payable by each franchisee.
6. You will be required to attend mandatory additional and/or refresher training programs, national and regional conferences, conventions and meetings as we deem necessary in our sole discretion to update you on System Standards and/or improve the operation of your GDK Outlet. We may charge an attendance fee for each person attending a mandatory Training Program not to exceed \$2,500 per person) and you will be responsible for all travel, living, incidental and other expenses incurred in connection with such attendance.
7. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Revenues are understated by 5% or more, Royalties are underpaid by 5% or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. We estimate current audit costs at \$1,000 per day, plus wages, meals, lodging and travel expenses. You also must immediately pay us any shortfall in the amounts you owe us, including late fees and interest. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT  
YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditures<sup>1</sup></b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee <sup>2</sup>	\$30,000		Lump sum	Upon execution of the Franchise Agreement	Us
Lease, Utility & Security Deposits <sup>3</sup>	\$25,000	\$30,000	As incurred	As incurred	Third parties

<b>Type of Expenditures<sup>1</sup></b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Leasehold Improvements <sup>4</sup>	\$0	\$250,000	As arranged	As arranged	Third parties
Mechanical, Electrical and Plumbing	\$125,000	\$175,000	As arranged	As arranged	Third parties
Signage <sup>5</sup>	\$20,000	\$35,000	Lump Sum	As arranged	Approved Suppliers
Restaurant Equipment <sup>6</sup>	\$140,000	\$175,000	Lump Sum	As arranged	Approved Suppliers
Fit Out Materials & Installation	\$150,000	\$205,000	As arranged	As arranged	Approved Suppliers
Hardware and Software <sup>7</sup>	\$27,500	\$30,000	Lump Sum	As arranged	Approved Suppliers
Furniture & Fixtures <sup>8</sup>	\$15,500	\$20,000	Lump Sum	As arranged	Approved Suppliers
Office Supplies & Misc. <sup>9</sup>	\$1,500	\$5,000	As incurred	As incurred	Approved Suppliers
Business Licenses <sup>10</sup>	\$1,000	\$5,000	As incurred	As incurred	Third parties
Professional Fees <sup>11</sup>	\$10,000	\$15,000	As arranged	As arranged	Third parties
Insurance <sup>12</sup>	\$9,000	\$18,000	Lump sum	Before commencing business	Third parties
Initial Training <sup>13</sup>	\$5,000	\$10,000	As incurred	As incurred	Us and Third Parties
Opening Inventory	\$15,000	\$20,000	As incurred	As incurred	Approved Suppliers
Pre-Launch, Soft Launch and Grand Opening Marketing	\$10,000	\$15,000	As incurred	As incurred	Third parties
Property Agent <sup>14</sup>	\$0	\$0	As incurred	As incurred	Third parties

<b>Type of Expenditures<sup>1</sup></b>	<b>Low Amount</b>	<b>High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Architects and Project Manager Fees <sup>15</sup>	\$25,000	\$50,000	As incurred	As incurred	Third parties
Additional Funds (Approx. 3 months) <sup>16</sup>	\$15,000	\$20,000	As incurred	As incurred	Third parties
Small Wares	\$11,000	\$15,000	As incurred	As incurred	Third parties
<b>Total for first Outlet<sup>17</sup></b>	<b>\$635,500</b>	<b>\$1,123,000</b>			
<b>Total for Multi-Site Development of 5 Outlets<sup>18</sup></b>	<b>\$3,177,500</b>	<b>\$5,615,000</b>			

Explanatory Notes:

1. All expenditures that are paid to us are not refundable. Unless specifically agreed to by third-party suppliers to whom you make payments, all expenditures with third parties are not refundable. The estimates disclosed in this Item 7 are subject to variations according to geographic location and site. We have relied on our experience franchising GDK Outlets in North America. This is only an estimate of your initial investment and is based on our estimate of prevailing nationwide costs and market conditions as of the date of this disclosure document. You must bear any deviation or escalation in costs from the estimates that we have given. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. Many factors that are unique to your location can make a dramatic difference in the estimates provided. The availability and terms of financing depend on several factors, including the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financial institutions.
2. The Initial Franchise Fees are non-refundable and shall be deemed to have been fully earned and are due to us as of the execution date of the Multi-Site Development Agreement. All fees are non-refundable and fully earned by us even if you do not develop all of the GDK Outlets you are required to. Initial Franchise Fees for 5 Outlets are \$150,000. If you purchase more than 5 outlets, the Initial Franchise Fees will be \$30,000 per outlet over 5.
3. If you do not already own your own space, you will have to lease a space for your GDK Outlet. The estimated amount includes deposits with utility companies, such as phone and electric, and your rent deposit (typically first and last month's rent). Your monthly rent will vary depending on factors such as size, condition, location and the local real estate rental market. You will need approximately 1,200 to 1,400 square feet for your GDK Outlet. The ranges disclosed in the Item 7 Table above are based on the development of a 1,300 square foot Outlet and may be less if you proceed with a smaller footprint.
4. Your initial investment for leasehold improvements depends on the size and location of the leased premises, type of improvements desired or required and the amount of usable improvements already in place at the location. This cost will also vary depending on the amount (if any) of construction work and/or dollars you negotiate with your landlord. The low amount figure assumes that the cost of leasehold improvements is paid by the landlord. If you are

acquiring an existing GDK Outlet, the leasehold improvements may be included in the amount you pay for the existing facility. At your discretion, you may incur long-term financing to cover leasehold or other expenses and cash outlays (the cost of any financing is not included in this estimate). Market forces would determine the terms and costs of financing. We do not provide any of this financing.

5. Signage costs depend, in part, on the size and location of your GDK Outlet and the particular requirements of your landlord and local ordinances and zoning requirements.
6. The total cost of equipment will vary depending on numerous factors, including the physical size of your GDK Outlet and whether you purchase from our approved equipment consolidators or from others.
7. You will be provided minimum current specifications for all required hardware and software upon signing a Franchise Agreement, including required hardware and software suppliers. Additional hardware and software may be required in the future as determined by us at your expense.
8. Furniture and fixtures include furnishings and nonpermanent fixtures, including chairs, tables, stools, lighting and other items required in your Outlet dining room, as well as desks, chairs, file cabinets and any other office furniture. This estimate includes shipping to your location and assumes that all items will be purchased new.
9. This estimate is for basic supplies such as paper, pens, tape measure, stapler, file folders, office stationary, visitor cards, pricing cards, note cards, envelopes, business cards, brochures and a digital camera. This cost estimate does not include the cost of shipping to your location.
10. You can obtain information from your local, county and state authorities (as well as your legal counsel) regarding the required licenses (including liquor licenses) and related types of expenses in your local area. This expense may be higher in metropolitan areas.
11. This is only an estimate and includes such things as a review of this disclosure document, your Franchise Agreement and setting up your books and records with attorneys and accountants. This amount will depend upon the fees charged by the professionals you select.
12. This is an estimated down payment against your annual premiums to acquire the insurance listed in the Franchise Agreement. We may, periodically, specify and change the types and amounts of coverage required. You must provide us with a copy of each insurance policy. Each insurance policy must name us, our affiliates and our and their respective officers and owners as additional named insured and must require 30 days written notice to us before being modified, cancelled or terminated and 30 days prior written notice to us before the policy expires. A company with an A.M. Best rating of A or higher must underwrite all insurance policies.
13. We charge between \$5,000 and \$10,000 for you and your Outlet Manager to attend Initial Training. In addition to the training fees you will also have to pay for all travel, living, incidental and other expenses incurred in connection with your attendance.
14. Real estate broker fees payable to locate a site for your Outlet, will typically be paid by the landlord.
15. The use of an architect and project manager for the build of an outlet will be at your cost. We will provide you with a list of approved architects and project managers who will prepare the initial drawings for the approved site. You may be required to appoint an Architect of Record to localize the drawings for local permitting purposes. The cost of the Architect of Record will be borne by you. During the build of your GDK Outlet the appointed project manager will visit the site and work closely with you and your general contractor. The cost of this project manager will be borne by you.

16. “Additional Funds” is an estimate of the funds needed to cover the operational expenses incurred during the first three months of operation (please note this estimate is exclusive of all costs listed elsewhere in this Item 7).
17. This is your estimated initial investment for each individual GDK Outlet we require you to develop, which will not be less than 5.
18. Cost estimates for the initial investment required for a minimum of 5 outlets is 5 times the initial investment required for one outlet. The total investment necessary to begin operation of a GDK Outlet will apply to each Outlet you are required to open, with the exception of the Initial Training fee, which is not charged in connection with additional Outlets. If you are granted the right to open and operate more than 5 Outlets, you must pay an Initial Franchise Fee for each additional Outlet.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate your GDK Outlets according to our standards and specifications as we may establish from time to time in our Confidential System Standards Manual or otherwise by written communication from us, which includes purchasing, leasing or licensing from us, our affiliates, or our approved suppliers all supplies, materials, food and beverage products (including ingredients) (“**Outlet Materials**”), fixtures, furnishings, equipment, signs, cash registers and computer hardware and software (“**Designated Equipment**”), and all articles used in operating your Outlet and bearing any of our Marks, such as employee clothing (such as shirts, hats and aprons) and menus (collectively, the “**Proprietary Materials**”).

We will regulate, among other things, the types, models and brands of required Designated Equipment, Outlet Materials and Proprietary Materials used in operating your GDK Outlets. All products and items must conform to those standards and specifications we may periodically establish. You must not sell any food and beverage products or other items at your Outlets that we have not previously approved for sale. You must only use and display menus that have been prescribed or approved in advance by us. You must sell all the food and beverage products that are included on the prescribed or approved menus, and no others. We may designate a single distributor or supplier (collectively, “**Designated Supplier**”) for Outlet Materials, Designated Equipment, Proprietary Materials and any other product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The Designated Supplier may be us, one of our affiliates, or a designated third party. Currently, neither we nor our affiliates are suppliers of required products, equipment and services. We do require that you use Designated Suppliers for products that feature our proprietary materials.

You must obtain our written approval before making any changes in the appearance of your GDK Outlets and before modifications to or replacements of decorating materials, fixtures, equipment, products, furniture, signs or other items. You are obligated at your expense to have a project manager and an architect designated by us prepare all required construction plans and specifications, based on our design drawings and specifications. You must at your expense use construction contractors designated or approved by us. You will not engage any project manager, architect or contractor that we have not approved.

Approved suppliers shall be ones who demonstrate to us their ability to meet our minimum standards for quality, price and reliability. Requirements and specifications for products and other items and lists of approved suppliers may be listed in the Confidential System Standards Manual (the “System Standards Manual”). By written notice to you and/or through changes in the System Standards Manual, we may revise our requirements and specifications, add or delete approved suppliers, terminate existing purchase arrangements and suppliers and/or enter into new purchase arrangements with additional suppliers.

If you want to propose a new supplier of Outlet Materials or Designated Equipment for any supplier that is not affiliated with us, you must submit to us sufficient written information about the proposed new supplier to enable us to approve or reject either the supplier or the particular items. We will have 90 days from receipt of the information to approve or reject the proposed new supplier or items. We

may consider in providing such approval not just the quality standards of the products or services, but their delivery capabilities, financing terms and ability to service our franchise system as a whole. We may terminate or withhold approval of any Outlet Materials or Designated Equipment, or any supplier of such items, which does not meet our quality standards by giving you written notice. If we do so, you must immediately stop purchasing from such supplier or using such Outlet Materials or Designated Equipment in your GDK Outlets until we notify you that such supplier or such Outlet Materials or Designated Equipment meet our quality standards. At our request, you must submit to us sufficient information about a proposed supplier and samples of the proposed Outlet Materials or Designated Equipment for our examination so that we can determine whether they meet our quality standards. We also must have the right to require our representatives to be permitted to inspect the proposed supplier's facilities at your expense. We may charge a fee for evaluating alternative suppliers in an amount we determine from time to time and may vary depending on the nature and characteristics of the products, services, supplies, vendor or supplier and extent of the evaluation we do.

We or our affiliates may derive revenue from your required purchases in connection with the operation of your GDK Outlets. During the fiscal year ended December 31, 2024 we received \$590,056.51 from required leases and purchases, which is 58% of our total gross revenues of \$1,016,415.19.

Neither we, nor any of our affiliates or the respective officers of either, currently has any interest in any approved supplier. We retain the right to do so in the future.

We may receive discounts, rebates, commissions, promotional allowances, and other benefits if you buy items from certain suppliers we designate based on the quantities of products you and other franchisees buy. We and our affiliates reserve the right to negotiate with various vendors for quantity discount contracts, which may include rebates under these contracts. The purchase of products from approved sources will represent approximately 90% to 95% of your overall purchases in opening your GDK and approximately 90% to 100% of your overall purchases in operating the franchise.

We do not provide material benefits to franchisees (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers, but you must use only suppliers we approve.

We do not currently have any purchasing or distribution cooperatives but we reserve the right to form cooperatives. We may add or delete approved suppliers, terminate existing purchase arrangements and suppliers and/or enter into new purchase arrangements with additional suppliers at any time.

At each of your GDK Outlets, you will be required to have a minimum of 2 point of sale (POS) machines (a/k/a cash registers), 3 Self Service Ordering Kiosks, 2 printers, a minimum of 1 kitchen display system including up to 7 screens, 1 PC for the back of house and 1 handheld terminal that comply with specifications determined by us according to the then current specification guidelines for computer hardware and software. We have to approve, in writing, all hardware and software to be used by you in connection with your GDK Outlets. If you utilize wireless technology, you must have an encrypted wireless setup wherever your computers will be used. You will be required to exclusively use the electronic point-of-sale system and all equipment and arrangements necessary to use credit card issuers we designate. We reserve the right to designate a source from whom you must purchase or license all or some elements of the hardware and software we require. We may periodically change the hardware and/or software you are required to use.

You must maintain at all times, the ability to receive and transmit communications from and to us over the Internet. You will be required to provide us independent access to the information and data in your computer systems via a broadband Internet connection. We reserve the right to require franchisees, at their expense, to install and maintain additional hardware and software, including software that will interface with our computer system over the Internet.

To ensure full operational efficiency and communication capability between our computers and yours, you must at all times, at your own expense, keep your computer system in good repair and purchase certain annual maintenance and service contracts from the manufacturer of the hardware or the licensor of the software. You must upgrade/update your software programs, as required by us or as otherwise needed.

To maintain the integrity of the Marks, we require that all apparel, signs, menus, stationery, forms, labels and similar materials used in the operation of your GDK Outlets be purchased from us, any of our affiliates, or our designated suppliers.

Under the terms of your Franchise Agreement, you must maintain, at your expense, an insurance policy or policies protecting you and naming us and our affiliates and our and their respective owners as additional named insured or loss payees against any loss, liability, personal injury, death, property damage or expense from fire, lightning, theft, vandalism, malicious mischief and the perils included in an extended coverage endorsement, arising or occurring upon or in connection with your GDK Outlets as well as any other insurance applicable to any other special risks we reasonably require for your protection, as well as any insurance coverage required by your landlord or lender. Required insurance coverages are contained in the System Standards Manual and are subject to periodic change by us in our sole and absolute discretion. You can expect to maintain, at a minimum, commercial general liability insurance including products liability coverage in the minimum amount of \$1,000,000; business interruption insurance; employer’s liability / worker’s compensation insurance; personal and real property coverage in the minimum amount of \$200,000; automobile coverage (including non-owned automobiles) with minimum coverage limits of \$1,000,000; plus any additional insurance required by your lender or landlord. A company with an A.M. Best rating of A or better must underwrite all of your insurance policies.

**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.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
Site selection and acquisition/Lease	Franchise Agreement (“FA”) Sections 2.1, 3.2, 3.3 Multi-Site Development Agreement (“MSDA”) Section 3.5	Items 1, 7, 11 and 12
Pre-Opening purchases/leases	FA Sections 4.1-4.4, 10.10-10.13 MSDA Section 3.5	Items 5, 7 and 8
Site development and other pre-opening requirements	FA Sections 4.1-4.4 MSDA 3.5	Items 7, 8 and 11
Initial and ongoing training	FA Sections 6.1-6.4	Items 6 and 11
Opening	FA Sections 4.1-4.4 MSDA Section 3.5	Items 5 and 11
Fees	FA Sections 5.1-5.3, 5.6, 5.7, 6.1, 6.2-6.4, 10.7, 10.13, 10.17, 13.2, 14.3(f), 14.7, 15.1(j), 15.3, 19.11 MSDA Sections 4, 5, 8.3, 10.2(a)	Items 5, 6, and 7
Compliance with standards and policies/Operating Manual	FA Section 10.1 and 10.2	Items 11 and 16
Trademarks and proprietary information	FA Sections 7.1-7.5, 8.1-8.4, 10.9	Items 13 and 14
Restrictions on products/services offered	FA Sections 10.10-10.13	Items 8, 11 and 16
Warranty and Customer Service requirements	FA Section 11.7	Item 16

Territorial development and sales quotas	FA N/A; MSDA Section 3	Not Applicable
Ongoing product/service purchases	FA Sections 10.10-10.12	Items 8 and 11
Maintenance, appearance and remodeling requirements	FA Sections 10.1-10.3, 10.5, 10.13	Items 6 and 11
Insurance	FA Section 10.17	Items 6 and 8
Advertising	FA Sections 10.16(b), 11.1-11.9	Items 6, 7 and 11
Indemnification	FA Section 18.5 MSDA Section 8.3	Item 6
Owner's participation / management / staffing	FA Sections 10.14, 10.15	Items 9, 11 and 15
Records and reports	FA Sections 10.7, 10.8, 12.1-12.5	Item 6
Inspections and audits	FA Sections 13.1, 13.2	Item 6
Transfer	FA Sections 14.1-14.10 MSDA Section 6	Items 6 and 17
Renewal	FA Sections 15.1-15.4	Items 6 and 17
Post-termination obligations	FA Sections 17.1-17.6	Item 17
Non-competition covenants	FA Sections 9 and 17.4	Item 17
Dispute resolution	FA Sections 20.1-20.6 MSDA Section 10	Item 17
Other: Guarantee of franchisee obligations (note 1)	FA Section 1.6(e), Exhibit C	Item 22

**ITEM 10  
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

**ITEM 11  
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

**Pre-Opening Assistance**

Before you open your Outlet, we will:

Designate your Development Area (Multi-Site Development Agreement, Section 3.1 and Exhibit A).

Within 30 days of you sending us a complete premises report containing all information that we require (including the proposed lease or purchase contract and any loan documents), we will review the report and approve or reject the premises you propose for the operation of your GDK Outlets. (Multi-Site Development Agreement, Section 8.2; Franchise Agreement, Section 3.1)

Designate your Protected Territories. (Franchise Agreement, Section 2.2 and Exhibit A)

Provide you with support and assistance in the development of your GDK Outlets, including, but not limited to, critical path management oversight, vendor support and other periodic support in connection with the opening of your Outlets and the start-up of operations. (Multi-Site Development Agreement, Section 6.1; Franchise Agreement, Section 4.1) We do not provide you with any assistance in conforming the outlet to local ordinances and building codes or obtaining permits and licenses.

Inform you if we become aware of a suitable site for the establishment of a GDK Outlet within your Development Territories. (Multi-Site Development Agreement, Section 6.1)

Furnish you with our mandatory and suggested specifications and layouts for your GDK Outlets, including, but not limited to including requirements for dimensions, design, color scheme, image, interior layout, decor, and Designated Equipment which include fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement, Section 4.1) Other than providing you with our specifications we do not assist you with construction remodeling or decorating.

Designate your project manager, architect and contractor and approve your construction plans and specifications. (Franchise Agreement, Section 4.1)

Supply you with a list of décor requirements, signage (including stationary) requirements, vehicle specifications and Designated Equipment. (Franchise Agreement, Section 4.2)

Inspect your GDK Outlets and confirm, in writing, that each has been developed in accordance with our specifications and standards and is in suitable condition to open for business. (Multi-Site Development Agreement, Section 8.3; Franchise Agreement, Section 4.3)

Provide you with the marketing and public relations programs and media and advertising materials we have developed or approved for your pre-launch, soft launch and grand opening advertising. (Franchise Agreement Section 4.4)

Furnish you and your Outlet Manager with Initial Training on the operation of a GDK Outlet. (Multi-Site Development Agreement, Section 10.1; Franchise Agreement, Section 6.1) Other than training, we do not assist you with hiring or firing employees.

Furnish you with our System Standards Manual consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees from time to time for use in operating a GDK Outlet. (Franchise Agreement, Section 10.1)

Provide you with a list of our Proprietary Materials, Outlet Materials, Designated Equipment and Designated Suppliers that you will be required to use in the operation of your GDK Outlets. (Franchise Agreement Sections 10.9 – 10.12)

Provide you with a list of approved hardware, software and accounting services. (Franchise Agreement, Section 12)

### **Continuing Obligations**

During the operation of your Outlet, we will:

Provide you with such levels of guidance in the operation of your GDK Outlets as we consider appropriate. (See Franchise Agreement, Sections 6.2 and 6.4)

Furnish you with updates to our System Standards Manual or provide guidance in bulletins or other written materials, by electronic media and/or telephone or in-person consultations. (Franchise Agreement, Sections 6.4 and 10.1)

We reserve the right to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services, to the fullest extent allowed by applicable law. (Franchise Agreement, Section 10.4)

Indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your authorized use of any of our Marks. (Franchise Agreement, Section 7.5)

Administer the Marketing Fund (Franchise Agreement, Sections 11.1 – 11.5)

### **System Standards Manual**

We will grant you access to our System Standards Manual, consisting of such materials (including, as applicable, audiotapes, videotapes, magnetic media, computer software and written materials) that we generally furnish to franchisees from time to time for use in operating a GDK Outlet (Franchise Agreement, Sections 6.4 and 10.1). We may do so with print versions or electronically only. At our option, we may post some or all of the System Standards Manual and/or other documentation and

communication of standards, policies and procedures, on a restricted Website or extranet to which you will have access. The System Standards Manual contains mandatory and suggested specifications, standards, and rules that we prescribe from time to time for the operation of a GDK Outlet and information relating to your other obligations under the Franchise Agreement and related agreements. We, or our designee, will periodically notify you electronically about updates, changes, or deletions to the content posted on the restricted Website or extranet. We may also notify you of any changes to the System Standards Manual in newsletters or notices we distribute. Any such additions, deletions or changes will take precedence over all prior communications.

See Exhibit H to this disclosure document for the Table of Contents to our System Standards Manual, which contains 27 pages. There are 61 topics within the System Standards Manual covered by a maximum of 2 pages per topic.

### **Advertising and Promotion.**

#### **Marketing Fund**

We have established a Marketing Fund for such advertising, marketing and public relations programs and materials on a system-wide basis that we deem necessary or appropriate in our sole discretion. You must contribute 3% of your monthly Gross Revenues to the Marketing Fund. We reserve the right to defer or reduce contributions of a GDK Outlet franchisee and, upon 30 days prior written notice to you, to reduce or suspend contributions to and operations of the Marketing Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Marketing Fund. If the Marketing Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Marketing Fund during the preceding 12 calendar months. Our affiliates will contribute to the Marketing Fund on the same basis as franchise owners for any GDK Outlets they own and operate. (Franchise Agreement, Section 11.1)

We direct all programs financed by the Marketing Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. The Marketing Fund may be used to pay the costs of preparing and producing video, audio and written and digital advertising materials; developing, enhancing and maintaining an electronic commerce web presence, including for online ordering; menu layout and design; administering system-wide regional and multi-regional advertising programs, including, without limitation, purchasing direct mail, internet, social media and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials; paying such reasonable salaries, administrative costs, travel expenses and overhead of our marketing team, including rent and utilities, as we may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing Fund; and supporting public relations, market research and other advertising, promotion and marketing activities. We maintain ownership of all market research, designs, copyrights, and other data, materials and property financed through the Marketing Fund. The Marketing Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies and individual requests of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges. (Franchise Agreement, Section 11.2)

The Marketing Fund will not be our asset. Although the Marketing Fund is not a trust, we will hold all Marketing Fund Fees for the benefit of the contributors and use Marketing Fund Fees only for the purposes described in this disclosure document. We do not owe any fiduciary obligation to you for administering the Marketing Fund or for any other reason. The Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead, including rent and utilities, as we may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing Fund. No money will be spent by the Marketing Fund to primarily solicit new franchisees. Some media placement may advertise that franchises are available to be purchased, but it will be done in conjunction with the

program of the GDK brand. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. We may spend on behalf of the Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all GDK Outlets to the Marketing Fund in that year. The Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. If we lend money to the Marketing Fund, we may charge interest at an annual rate 1% greater than the rates we pay our lenders. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and furnish the statement to you upon written request. We have the right to cause the Marketing Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in your Franchise Agreement. (Franchise Agreement, Section 11.3)

The Marketing Fund is intended to maximize recognition of the Marks and patronage of GDK Outlets. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all GDK Outlets, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by GDK Outlets operating in that geographic area or that any GDK Outlet will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. We assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Marketing Fund. (Franchise Agreement, Section 11.4)

We have the right to collect for deposit into the Marketing Fund any advertising, marketing or similar allowances paid to us by suppliers who deal with GDK Outlets and with whom we have agreed that we will so deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which we and our affiliates, therefore, may use for any purposes we and they deem appropriate. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Fees at the Marketing Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Marketing Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing or administering the Marketing Fund. (Franchise Agreement, Section 11.5)

During the fiscal year ended December 31, 2024 the Marketing Funds collected were spent 30% on production of advertisements and other promotional materials, 70% for media placement, 0% for general and administrative expenses, and 0% for other expenses.

#### Local Marketing, Advertising and Promotion

Your marketing and advertising must be in good taste and conform to ethical and legal standards and our requirements. Samples of all advertising and promotional materials for any media, including the internet, World Wide Web or otherwise, must be submitted to us for our review and approval prior to use, which approval we can give subject to conditions or withhold in our discretion. If you do not receive written disapproval within thirty (30) days after our receipt of such materials, they will be deemed rejected. You must not use any advertising or promotional materials that we have disapproved, whether or not you have already printed or developed them. You agree not to use any materials or programs of which we reject at any time and you must use all materials and programs designated by us as mandatory. You will ensure that all advertising and all activities aimed at actively seeking customers for your Outlet that you undertake is aimed principally at potential customers in your Protected Territory and you must provide sufficient evidence to us that you have incurred expenditure for such purposes of not less than 2% of your GDK Outlet's Gross Revenues in each twelve (12) month period. If you fail to incur such expenditure the shortfall must immediately be paid to us and we will undertake such promotional activities and advertising in your Protected Territory. (Franchise Agreement, Section 11.6)

### Customer Satisfaction, Quality Controls

We may institute various programs for auditing customer satisfaction and/or other quality control measures. You agree to request your customers to participate in any surveys performed by or on behalf of us, using forms prescribed by us from time to time. You will be responsible for all costs and expenses associated with the surveys you conduct. (Franchise Agreement, Section 11.7)

### Participation in Marketing and Delivery Programs

You will be required to participate in all marketing, delivery and promotional programs which, in our business judgment, will benefit our franchisees and the System including, but not limited to, participating the activities set out on our marketing calendar and in any delivery service as we may require. The Marketing Fund may furnish you with marketing, advertising and promotional materials and we can require that you pay the cost of producing and distributing such materials in addition to your Marketing Fund Fee. (Franchise Agreement, Section 11.8)

### Cooperatives

We reserve the right to require you to participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by us and in conjunction with other local franchisees. In addition to the Marketing Fund Fees payable by you to the Marketing Fund, you agree to pay any additional contributions required in relation to your participation in any local and regional advertising cooperatives. You will not, however, be required to contribute more than an additional 2% of your Gross Revenues for advertising and promotion in connection with these cooperatives. We have no obligation to contribute or match any amounts paid by you in relation to advertising cooperative funding. Some individual franchisees may benefit more than others from these activities. The cooperative will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the cooperative and any related agreements, as well as any changes or additions to them, are subject to our approval. All advertising utilized by the cooperative must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the cooperative and its members. Your failure to timely contribute the amounts required by the cooperative constitutes a material breach of the provisions of your Franchise Agreement and we may offset against any amounts we owe to you the amount of your cooperative contributions and pay such contributions for you. In the event that you participate in such an a cooperative, the amount you are required to contribute to the cooperative shall be applied to your required local marketing spend set. (Franchise Agreement, Section 11.9)

### Grand Opening Advertising

You agree to conduct pre-launch, soft launch and grand opening advertising and a promotional program for your Outlet during the period from when the certificate of occupancy is issued and up to ninety (90) days post opening. You and we will determine the amount by mutual agreement, which will be between \$10,000 and \$15,000, but in no event will it be less than \$10,000. The pre-launch, soft launch and grand opening advertising and promotion will utilize the marketing and public relations programs and media and advertising materials we have developed or approved. If you fail to spend the required amounts, we may, at our option, make such expenditures on your behalf and you must then reimburse us for our costs and expenses in doing so. Your failure to comply with your pre-launch, soft launch and grand opening obligation is a material breach of your Franchise Agreement. (Franchise Agreement, Section 4.4)

### Advertising Council/Advisory Committee

At this time, there is no advertising council composed of GDK franchisees.

We may periodically establish an advisory committee (the “**Advisory Committee**”), which will be made up of our representatives and representatives of 1 or more of our franchisees (the exact composition of the Advisory Committee to be determined by us in our sole and absolute discretion), and which will advise us regarding proposed uses of Marketing Fund Fees and the GDK Marketing Fund, suggestions for new services and products and general operations of our franchised facilities. Whether or not the Advisory Committee is formed, how it is established and how it shall conduct its

business will be determined by us in our sole and absolute discretion. We will not be required to follow the advice of the Advisory Committee and we can terminate the Advisory Committee at any time. Any expenses of establishing, maintaining or terminating the Advisory Committee will be paid for by Marketing Fund Fees out of the GDK Marketing Fund. Franchised facilities owned or operated by any of our affiliates will also contribute to the GDK Marketing Fund.

### **Computer Requirements**

At each of your Outlets, you will be required to have a minimum of 2 point of sale (POS) machines (a/k/a cash registers; in some cases we may require 3 POS machines depending on the size and layout of your Outlet), 3 Self-Service Kiosks, 2 printers, a kitchen display system with a up to 7 screens , 1 PC for back of house and 1 hand-held terminal all of which must comply with specifications determined by us according to the then current specification guidelines for computer hardware and software. You will also need to maintain the electronic point-of-sale system and all equipment and arrangements necessary to use credit card issuers we designate. The estimated initial cost of purchasing the hardware and software for your computer systems is \$27,500 to \$30,000 but may change from time to time based on our equipment and software requirements. Currently the point-of-sale system we require is 3SPOS. We will have independent access to all data in your computer system, which will consist of sales, customer data and accounting data (revenues, expenses and financial statements). There are no contractual limitations on our right to access information in your computer system. We reserve the right to designate a source from whom you must purchase or license all or some elements of the hardware and software we require. (Franchise Agreement, Sections 10.7 and 12.1)

You must comply with our requirements for use of your hardware and software, which may include, among other things, connection to remote servers, off site electronic repositories, high speed internet connections, the establishment of one or more email accounts and entering into license agreements, “terms of use” agreements and software maintenance agreements We may require you to obtain specified computer hardware or software and may modify specifications for and components of the hardware and software from time to time. Our modifications and specifications for components of the hardware and software may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the hardware and software during the term of your Franchise Agreement. (Franchise Agreement, Section 10.7)

We have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the hardware and software. Currently, we are unaware of any charges associated with updates or maintenance but all hardware and software is provided by third parties that we do not control and, as a result, you may incur additional costs that we cannot predict. You will pay all fees imposed by us or any third party in connection with the hardware and software we require. We have no obligation to provide ongoing maintenance, repairs, upgrades or updates. (Franchise Agreement, Section 10.7)

### **E-Commerce**

You are required to pay to us or our nominee an E-Commerce Fee equal to 2% percent of the Gross Revenues generated by the Outlet from transactions via the GDK mobile application and/or GDK website ordering platform as set out in the System Standards Manual. Unless otherwise stated in the System Standards Manual, the E-Commerce Fee will be collected by us in accordance with the same procedure as the collection of the Royalty. For the avoidance of doubt, the E-Commerce Fee is payable on Gross Revenue made through third party delivery aggregators such as DoorDash and Uber Eats,

### **Site Selection**

We do not generally own sites and lease them to franchisees. If you have not done so prior to signing your Franchise Agreement, you (with or without our assistance) must, within 90 days of signing your Franchise Agreement, locate a site that we (in our reasonable discretion) have accepted. The site you select for your GDK Outlet must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other GDK Outlets, the nature of other businesses in proximity to your GDK Outlet and other commercial

characteristics and the size, appearance and other physical characteristics of the proposed site. Our criteria, and our evaluation of them, may vary periodically and from location to location. You must send us a complete report on the proposed site (containing the demographic, commercial and other information, photographs and video recordings that we may reasonably require, including, but not limited to the proposed lease or purchase agreement and any loan documentation). We may accept or reject all proposed sites in our commercially reasonable judgment. We will accept or reject a site you propose for an Outlet within 30 days after we receive from you a complete site report and any other materials we request. Your Premises is deemed rejected if we fail to issue our written acceptance within the 30-day period. (Franchise Agreement, Section 3.1) Failure to locate a site that we approve within 90 days of signing the Franchise Agreement is a breach of the Agreement that gives us cause to terminate your Franchise Agreement. If terminated, the initial fee paid in connection with the terminated Franchise Agreement is non-refundable. (Franchise Agreement, Sections 5.1 and 16.1)

Our recommendation or acceptance of your site, and any information regarding the Site communicated to you, do not constitute a representation or warranty of any kind, express or implied, as to the suitability of the site for a GDK Outlet or for any other purpose. Our recommendation or acceptance of the site indicates only that we believe that the site falls within the acceptable criteria for sites that we have established as of the time of our recommendation or acceptance of the site. Application of criteria that have appeared effective with respect to other sites may not accurately reflect the potential for all sites, and, after our acceptance of a site, demographic and/or other factors included in or excluded from our criteria could change to alter the potential of a site. The uncertainty and instability of such criteria are beyond our control, and we will not be responsible for the failure of a site we have recommended or accepted to meet expectations as to potential revenue or operational criteria. (Franchise Agreement, Section 3.1)

We, or our designees, may, at any time and from time to time (but in no way limited or affecting your responsibility for developing the Outlet) provide certain support and assistance in the development and start-up of your Outlet. (Franchise Agreement, Section 4.1).

#### **Typical Length of Time Before Operation**

The typical length of time between the signing of the Franchise Agreements and Multi-Site Development Agreement and the opening of your first Outlet depends, in part, on the specific location of the Outlet, but is generally 6 to 8 months. We anticipate this is the amount of time it will take you to open each of your Outlets. Factors affecting this length of time usually include obtaining a satisfactory site, build out complexity, permits, financing arrangements, completing training, local ordinance compliance questions and delivery/installation of equipment, materials, products and signs. You are expected to begin operations within 6 months of the signing of the Franchise Agreement.

#### **Pricing**

We reserve the right, at any time and from time to time, to establish maximum, minimum, or other pricing requirements on prices that you may charge for products or services to the fullest extent allowed by applicable law, which may include regional, special venue or demographic variations.

#### **Training Program**

##### **Initial Training**

Our Initial Training consists of a maximum of 21 days of training for you and your Outlet Manager and Shift Supervisors (“**Trainees**”) at American Dream Mall located in Bergen County, NJ, and/or at any other location as we may specify in writing, which may be your GDK Outlet. All Trainees must complete the Initial Training to our satisfaction at least 30 days before your GDK Outlet opens for business. We will provide you with a commencement date for the Initial Training Program. (Franchise Agreement, Section 6.1)

You must pay to us \$5,000 to \$10,000 for you and your Outlet Manager to attend our Initial Training program. You will be responsible for all travel, living, incidental and other expenses of all persons attending the Initial Training program. All costs and expenses incurred to have additional employees

or agents attend the Initial Training, including reasonable training fees, will be borne by you. Attendance by any additional employees or agents is subject to our prior written approval.

If your Outlet Manager is no longer willing or able to exercise day-to-day control over your GDK Outlet, you must hire a new, qualified Outlet Manager for your GDK Outlet within the amount of time we prescribe in our System Standards Manual. The new Outlet Manager and all other successive Outlet Managers, if any, shall be required to attend the Initial Training at your sole cost and expense within 30 days of the Outlet Manager’s hire date. You are solely responsible for the costs and expenses associated with your Outlet Manager’s attendance at the Initial Training, including the then prevailing standard rates charged by us for additional attendees at the Initial Training and all travel, living, incidental and other expenses. (Franchise Agreement, Section 6.1)

Mr. Craig Hamilton conducts the training programs. Mr. Hamilton has 6 years of experience with us or our affiliates and 18 years of experience in the restaurant industry and a comprehensive knowledge of training programs that include operational management, sales, marketing, recruitment, performance and brand protection.

A schedule for the Initial Training Program is as follows:

**TRAINING PROGRAM<sup>1</sup>**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location <sup>2</sup>
<b>Orientation</b>			
<p style="text-align: center;"><b>GENERAL ORIENTATION</b></p> <p>Welcoming, In-store tour and familiarization, New Joiner’s Induction, Product Knowledge</p>	3	1	American Dream Mall located in Bergen County, NJ
Basic Food Safety	1	2	1001 6th Ave, New York 10018
Guest Care	2	3	1001 6th Ave, New York 10018
Store Orientation, Introduction with colleagues and familiarization with restaurant hierarchy and everyone’s job.	3	2	1001 6th Ave, New York 10018
Based Station Orientation (familiarization with equipment and POS system, work flow observation)	1	1	1001 6th Ave, New York 10018
Counter Station Orientation (menus, cleaning responsibilities, chemicals, POS familiarization, inventory)	2	3	1001 6th Ave, New York 10018
Cashiering (receiving float/fund, POS Log-in, punching order, credit card machine, cut off procedures, turn-over logbook, reports)	2	9	1001 6th Ave, New York 10018

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location<sup>2</sup></b>
<b>Kitchen Training</b>			
Welcoming, In-store tour and familiarization, New Joiner's Induction, Product Knowledge, Basic Kitchen Orientation	2	5	1001 6th Ave, New York 10018
Kitchen Orientation, Introduction with colleagues and familiarization with restaurant hierarchy and everyone's job.  Kitchen Policies Kitchen Tour  Discussion of Training Procedures and Certification process  Opening Procedures Closing Procedures	1	3	1001 6th Ave, New York 10018
Food Prep Station (familiarization with preparation area, tools and utensils)	1	4	1001 6th Ave, New York 10018
Kitchen Sanitation and Cleanliness (cleaning and sanitation procedures, sanitation and solution spray, food handling and storage, guidelines for receiving stocks from suppliers, storage temperatures, shelf life chart, food dating labels, stocks inventory)	1	6	1001 6th Ave, New York 10018
Vegetable Sanitizing Procedures	1	5	1001 6th Ave, New York 10018
Cutting Procedures	2	9	1001 6th Ave, New York 10018
Back-up Preparation	1	3	1001 6th Ave, New York 10018
Bread Griller/ Fry Station Orientation	1	2	1001 6th Ave, New York 10018
Kebab Griller Station Orientation	1	12	1001 6th Ave, New York 10018
Salad Station and Sandwich Station	2	10	1001 6th Ave, New York 10018
Meat Assembly Procedures	2	5	1001 6th Ave, New York 10018

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location<sup>2</sup></b>
Grill Station, Electric Slicer, Familiarization with Kitchen Display, Sandwich Assembly	3	10	1001 6th Ave, New York 10018
<b>FOH Training</b>			
FOH Orientation, Introduction with colleagues and familiarization with restaurant hierarchy and everyone's job. Store premises tour Discussion of Training Procedures and Certification Opening Procedures Closing Procedures	1	3	1001 6th Ave, New York 10018
Based Station Orientation (familiarization with equipment and POS system, work flow observation)	2	2	1001 6th Ave, New York 10018
Dining Station Orientation (menu familiarization, cleaning dining area and dispatch area, chemicals for cleaning, table arrangement familiarization)	1	5	1001 6th Ave, New York 10018
Clearing and Bussing Tables	2	3	1001 6th Ave, New York 10018
Dispatching Area Orientation (folding boxes and napkins, back-up sauces, menu familiarization, product knowledge, packaging familiarization, inventory, server key steps, customer care)	2	12	1001 6th Ave, New York 10018
<b>TOTAL</b>	<b>40</b>	<b>120</b>	

<sup>1</sup> The above times are intended only to be estimates of time allocation.

<sup>2</sup> We may modify the location of training if a more convenient location is available.

### Ongoing Training

We will provide such levels of guidance in the operation of your GDK Outlet as we consider appropriate, which will include telephone assistance during normal business hours. This guidance can be provided in whatever manner we consider appropriate, including electronically. We may, but are not required to, provide on-site assistance at your GDK Outlet. We can elect to charge a reasonable fee for any such on-site assistance which you request us to provide. If we believe that your GDK Outlet warrants it, we can require that a person designated by us (but at your expense, including travel, wages, lodging and meals) work in your GDK Outlet to supervise its day to day operations until your GDK Outlet meets our standards as set forth in our System Standards Manual. (Franchise Agreement, Section 6.2)

We may require you, or your owners, to attend periodic refresher training courses at such times and locations that we designate, and we may charge fees for such courses. You agree to give us reasonable assistance in training other GDK Outlet franchisees. We will reimburse you for your reasonable out-of-pocket expenses in providing such assistance. (Franchise Agreement, Section 6.3)

At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request or we require additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility. (Franchise Agreement, Section 6.4)

## **ITEM 12 TERRITORY**

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.

Additionally, The Multi Site Development Agreement is not exclusive. You will receive a Protected Territory meaning that, as long as you comply with the Franchise Agreement, neither we nor our affiliates will open and operate, nor authorize a third party to open and operate, an Outlet in the Protected Territory we designate for you on Exhibit A to the Franchise Agreement.

There will be no minimum geographic size to your Protected Territory. The Protected Territory will be determined by the demographics and population size specific to your location. The minimum population size of the target demographic group within your Protected Territory is determined on a case-by-case basis depending on the results of demographic research. We determine the demographic and population data through our own independent research. Protected Territories will range in size from a site-specific location, i.e., a street address, to a block, a zip code, or a defined measurable area, depending on where your GDK Outlet is located. Typically, Outlets located in metropolitan areas will receive a smaller Protected Territory than Outlets located in suburban/rural areas. You will negotiate and agree upon the size of your Protected Territory with us at the time you identify a site for your Outlet. Your Protected Territory will be described in Exhibit A to your Franchise Agreement. During the term of your Franchise Agreement, and provided that you are not in default, we will not establish or license another person to establish another GDK Outlet within your Protected Territory.

This Protected Territory does not include:

- (a) Educational Campuses - including university, college or school campuses;
- (b) Sports & Leisure Locations – including theme parks, holiday resorts, stadiums, arenas, concert venues and convention or civic centers;
- (c) Transport Locations – including airports, major train stations, motorway service stations or road-side rest stops; and
- (d) Aggregator delivery zones.

You may not solicit or accept orders from customers outside of your Protected Territory. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Protected Territory. Your Protected Territory does not ensure that other franchisees will not respond to unsolicited inquiries from customers in your Protected Territory. We cannot control or prevent this. Marketing activities (especially advertising in newspapers, magazines, radio and television) by us and others may be received by persons within your Protected Territory even though they are aimed principally outside your Protected Territory. You will not receive any compensation for our solicitation and/or acceptance of orders from within your Protected Territory.

We cannot prevent other franchisees from responding to unsolicited enquiries from customers in your Protected Territory. Marketing activities (especially advertising online, in newspapers, magazines, radio and television) by us and others may be received by persons within your Protected Territory even though they may be aimed principally outside the Protected Territory. Further, we cannot control the

“delivery areas” ascribed to Outlets by delivery aggregators and that such areas may (and likely will) not match the Protected Territory. Accordingly, we cannot prevent other franchisees from fulfilling orders from customers in the Protected Territory who have placed their order through a delivery aggregator.

You may not operate your GDK Outlet from any other location except the site we approve, and you may not relocate your GDK Outlet for any purpose without our express prior written approval. Circumstances under which we may consider allowing you to relocate are your loss of possession of the premises for reasons out of your control or if we determine an alternative location will be better able to comply with our standards and specifications. You must not engage catering or delivery services with a vehicle without our written consent. If we consent to your GDK Outlet’s relocation, you must pay us a Relocation Fee equal to 50% of our then-current Initial Franchise Fee.

Continuation of your Protected Territory is not dependent upon achievement of a certain sales volume or market penetration. However, if you fail to fulfill your obligations under your Franchise Agreement we may terminate your Protected Territory. Other than your failure to comply with your Franchise Agreement, there are no circumstances under which we can unilaterally modify your Protected Territory.

Unless specified in writing, you do not have options, a right of first refusal, or similar rights to acquire additional franchisees in the Protected Territory, or otherwise.

In addition to your Protected Territory, when you sign a Multi-Site Development Agreement, you will also receive a designated geographic area within which you will be required to develop (the “Development Area”) a certain number of GDK Outlets, which will be set forth in Exhibit A to the Multi-Site Development Agreement. The size of the Development Area for each Outlet will depend on a number of factors, including: (1) population (including density and characteristics); (2) potential trade area population growth; (3) nature of the competition within the trade area; and (4) the number of Outlets you agree to open, as well as other demographic factors.

Continuation of your Development Area is not dependent upon achievement of a certain sales volume or market penetration. However, if you fail to fulfill your obligations to develop, open and continuously operate any GDK Outlet when required by your development schedule, fail to obtain site approval by the date specified in your development schedule or have otherwise materially breached the Multi-Site Development Agreement or any separate Franchise Agreement, we may terminate the Multi-Site Development Agreement and the Development Area. Your Limited Development Protection will also terminate upon the expiration of the Multi-Site Development Agreement.

You may not establish an Outlet anywhere outside of the Development Area. Other than your development rights granted under the Multi-Site Development Agreement, you are not granted any options, rights of first refusal or similar rights to acquire additional development rights or franchises within contiguous territories. There are no circumstances under which we can unilaterally modify the Development Area. You will not have the right to amend or modify your Development Area.

#### Rights we Reserve

As of the date of this disclosure document, we do not operate or plan to operate or franchise businesses under a different trademark that will sell goods and services that are similar to those you will sell. We reserve all rights not expressly granted to you under the Franchise Agreement and Multi-Site Development Agreement, if applicable.

We (and our affiliates) retain all rights with respect to GDK Outlets, the Marks, the sale of similar or dissimilar products and services, and any other activities we (and our affiliates) deem appropriate wherever and whenever we determine, including, without limitation, the right to

(i) issue competing franchises and to directly or indirectly develop and operate competing company-owned businesses under the Marks for or at any locations outside of the Protected Territory and/or Development Area. This includes locations near the boundaries of the Protected Territory/Development Area;

- (ii) solicit prospective franchisees and grant other persons the right to operate GDK Outlets through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;
- (iii) sell, solicit, recruit and provide services for GDK Outlets or any franchised business not defined as a GDK Outlet in the Franchise Agreement or Multi-Site Development Agreement;
- (iv) sell and provide the products and/or services authorized for sale by, GDK Outlets under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded Premises and Premises located within other retail businesses, Intranet, Internet, web Premises, wireless, email or other forms of e-commerce). This includes the sale and distribution of food products in grocery and other retail stores, for distribution within and outside of your Protected Territory and pursuant to such terms and conditions as we consider appropriate, without compensation to you;
- (v) acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at GDK Outlets, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these business (or the franchisees or licensees of these businesses) are located or operating (including in your Protected Territory/Development Area);
- (vi) be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), buy a business providing products and services similar to those provided at GDK Outlets, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Territory/Development Area. The term “**Competitive Business**” means any business which produces, offers, sells, distributes or is otherwise involved in, the sale of products or services (the same or similar to or which are competitive with those which are provided by GDK Outlets or which are similar to or competitive with the services and/or products offered by us or our franchisees);
- (vii) conduct all internet-related, e-commerce, social media and related communications relating to the operation of GDK Outlets or the selling of products and services offered at any of the GDK Outlets. As such, and without limiting the generality of the foregoing, we will have the sole right to establish one or more apps and websites that contain any of the Marks, or that advertise, market or promote any of the services that we authorize for GDK Outlets. We may engage in internet and any e-commerce, marketing, promotion and operation, even if those activities affect customer relationships within your Protected Territory;
- (viii) offer, promote and perform delivery and catering services, whether or not using the Marks, anywhere; and
- (ix) solicit prospective franchisees for, and own and operate, businesses and Outlets of any other kind or nature, anywhere.

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**ITEM 13  
TRADEMARKS**

We grant you a nontransferable, non-exclusive license to use the German Doner Kebab GDK trade name and the registered and pending trademarks shown below (“Marks”). You must follow our rules when you use the Mark. You cannot use the Mark as part of a corporate name or with modifying words, designs, or symbols except for those which we license to you. You may not use the Marks in any manner that we have not authorized in writing.

Farshad Abbaszadeh, an owner of GDKI’s predecessor, registered a stylized mark under Registration Number 4644406 GDK with the United States Patent and Trademark Office on the Principal Register as follows:

<b>Trademark</b>	<b>Registration Number</b>	<b>Date Registered</b>
	4644406	November 25, 2014

In January 2017, Farshad Abbaszadeh assigned Registration Numbers 4644406 to GDKI. On March 23, 2017, the assignment was recorded by the United States Patent and Trademark office on the Principal Register.

GDKI has independently acquired the following registered trademarks:

<b>Trademark</b>	<b>Status</b>	<b>Registration Number</b>	<b>Registration Date</b>
G r q h u # N h e d e # a r j r , # 	Registered	5743341	May 7, 2019
J G N # a r j r , # 	Registered	5754871 & 5817096	May 21, 2021
G r q h u # N h e d e # a r j r , # 	Registered	5817095	July 30, 2019
GDK (words)	Registered	5817095	April 7, 2020
Doner Gym Box (logo with stars) 	Registered	6593382	December 21, 2021
KCAL Kebab (logo)	Registered	6593381	December 21, 2021

			
Doner Gym Box (words)	Registered	6593383	December 21, 2021
Super Spit (logo) 	Registered	6669423	March 15, 2022
Original Spit (logo) 	Registered	6600480	December 28, 2021
KCAL KEBAB (words)	Registered	6593384	December 21, 2021
KebApp (words)	Registered	6987937	February 28, 2023
BOSS BOX (words)	Registered	6988008	February 28, 2023
J G N #αrjr,# 	Registered	7445230	July 16, 2024

GDKI has filed all required affidavits for the principal trademarks registered with the U.S. Patent and Trademark Office and intends on continuing to file all required affidavits for the Marks.

GDKI has applied for registration on the Principal Register with the United States Patent and Trademark Office for the following Marks. These Marks do not have as many legal benefits and rights as the federally registered trademarks. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Trademark	Status	Serial Number	Application Date
German Doner Kebab (words)	Pending	98527766	April 30, 2024
Kebabs Done Right (words)	Pending	98527769	April 30, 2024

On January 11, 2018, we entered into an exclusive perpetual license agreement with GDKI for the use of the registered name GDK (“License Agreement”). The License Agreement may be terminated by either us or GDKI due to a material breach of any of its provisions. Under the License Agreement, we have acquired the right to sell GDK franchises in the United States of America and collect franchise

fees, royalties and other fees from franchisees. If we breach the License Agreement, or if the License Agreement is otherwise terminated, you may lose your rights to use the Mark.

Other than the Franchise Agreement and License Agreement, there are no other agreements currently in effect that significantly limit our right to use or license the use of the Mark. There are no currently effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Mark. We are not aware of any infringing uses that could materially affect your use of the Mark.

If you become aware of any apparent infringement, unfair competition or other challenge to your right to use any Mark, or if you become aware of any use of or claim to any mark, name, logo or any other commercial symbol identical to or confusingly similar with any Mark, you must immediately notify us in writing. We shall have the sole discretion to take any action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of this infringement, challenge or claim. The Franchise Agreement requires us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

We reserve the right to modify or discontinue use of the Mark or any other names, trademarks, or service marks or to add additional names, trademarks, or service marks at our discretion. You must make any additions, deletions, and modifications to all interior and exterior signs, apparel, business cards, printed material, displays, paper products, advertising and anywhere else any of the Mark may appear as we direct at your sole cost and expense and without compensation or reimbursement from us. You must, at your sole cost and expense and without compensation or reimbursement from us, discontinue your use of any name, trademark, service mark or the Mark, as we may direct you to discontinue at any time. We are not responsible for any expenses, losses or damages sustained by you as a result of any addition, discontinuance or modification and you are prohibited to join in any litigation against us if any of these expenses, losses or damages is incurred.

#### **ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

We will provide you access with by hard copy or via a portal accessing to our confidential and proprietary System Standards Manual certain detailed information pertaining to the operation of your GDK Outlet, including proprietary supplier lists, supplies and other trade secrets. Although these materials have not been registered with the United States Copyright Office, they are considered proprietary and confidential and we claim copyright protection of these materials.

Your Franchise Agreement does not require us to protect these copyrights or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving these copyrights. You must keep your login information confidential and only allow access to the Confidential System Standards Manual to those employees requiring access for the proper operation of the business. Upon the expiration or termination of your franchise, any hard copies of the Systems Standards Manual must be returned and your login to our portal will be immediately deactivated. We reserve the right to change your login information at any time or to require you to change login information randomly or in intervals in our sole and absolute discretion.

There are currently no effective determinations of the Copyright Office or any court regarding any of the copyrighted materials. No agreements are in effect which significantly limit our right to use or license the copyrighted materials. Finally, we are not aware of infringing uses that could materially affect a franchisee's use of the copyrighted materials in any state. The Franchise Agreement does not require us to protect or defend copyrights or confidential information, although we intend to do so when it is in our best interest.

You must not use in advertising or any other form of promotion, our copyrighted materials, trademarks, service marks or commercial symbols without the appropriate notices which may be required by law or us including any and all registration notices.

You must treat the System Standards Manual, any other manuals created for or accepted for use in the operation of your GDK Outlet, and the information contained in them, as confidential, and you must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, or otherwise make them available to any unauthorized person. The System Standards Manual, which is loaned to you for use, will remain our sole property and must be kept in a secure place at the GDK Outlet. If electronically provided, you must not divulge your username or password to anyone without out prior written consent.

We may revise the contents of the System Standards Manual at any time and as we deem necessary or appropriate. We will notify you of revisions in writing. You must comply with each new or changed standard immediately upon notification at your cost. You must ensure that the System Standards Manual is kept current at all times. In the event of any disputes as to the contents of the System Standards Manual, the terms of the master copy maintained by us at our home office will be controlling.

We will disclose to you certain confidential or proprietary information and trade secrets. Except as is necessary for the operation of your GDK Outlet and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, confidential information, knowledge or know-how concerning the services, advertising, marketing, designs, plans, or methods of operation of your GDK Outlet or the GDK System. You may disclose to your employees only that confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect. Any and all information, or knowledge, including, materials, equipment, marketing, and other data, which we designate as secret or confidential, will be deemed secret and confidential for purposes of the Franchise Agreement.

At our request, you must require your manager, and any personnel having access to any of our confidential information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you at your GDK Outlet. The covenants must be in a form satisfactory to us, including, specific identification of us as a third-party beneficiary of the covenants, with the independent right to enforce them.

We also consider our trade dress (i.e., elements of the GDK method and style of doing business) inherently and uniquely distinctive and protectable under applicable Federal and State law.

We do not presently own any patents. We do not have any pending patent applications.

Should you or anyone affiliated with you develop any discoveries, ideas, modification or additions related to the operation of GDK Outlets, you shall immediately advise us of such discovery or idea in writing. We may authorize the use and/or dissemination of such discovery or idea, and you agree not to implement the discovery of idea until authorized to do so by us. All such discoveries and ideas developed or used in connection with any GDK Outlet and/or the GDK System are our property, regardless of whether developed by us, you, or otherwise. No compensation is due to you on account of any such discovery or idea.

#### **ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You are not obligated to personally and directly supervise the operation of your GDK Outlet, although we recommend that you do. You shall designate a manager who shall be responsible for the operations of the GDK Outlet when you are not available (the “**Outlet Manager**”). The GDK Outlet shall at all times be under the direct, on-site supervision of you or your Outlet Manager or any additional Outlet Managers (if you employ more than one GDK Outlet Manager) that have successfully completed our Initial Training Program.

You shall inform us in writing as to the identity of your Outlet Manager and any successor Outlet Managers. Your Outlet Manager will have day-to-day management responsibility for the GDK Outlet, exercise on-premises supervision, and personally participate in the direct operation of the GDK Outlet.

Each Outlet Manager must complete to our satisfaction, the GDK Initial Training Program, under the terms and conditions specified in the Franchise Agreement.

Each Outlet Manager shall be required to sign a Confidentiality Agreement provided by us, and may divulge only Confidential Information necessary to operate the GDK Outlet, and only to those of your employees, agents or independent contractors who need access to it for this purpose. You are obligated to take all necessary precautions to ensure that all your employees retain the Confidential Information in confidence.

The shareholders, partners, members or beneficial owners of the equity interests of a corporate, partnership, Limited Liability Company or other entity franchisee, and the spouses of any of them, if any, are obligated to guarantee all of the obligations of franchisee under the Franchise Agreement. Each of these persons will be required to sign a Principal Owner’s Guaranty in the form of Exhibit C attached to the Franchise Agreement (Exhibit B to this disclosure document). The Outlet Manager is not required to have an equity interest in your business.

**ITEM 16  
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must confine your business to the operation of a GDK Outlet. You may not conduct any other business or activity at or from your GDK Outlet. You may identify your GDK Outlet only by the trade name and service mark “GDK.” You must offer all of the products and services that we prescribe, and we may change the products and services from time to time at our discretion, without limit. You may not offer or sell any product or service from the GDK Outlet except those we authorize. If we offer them for sale to you, you must purchase certain products from us or our designee, and other products and services from suppliers approved by us.

We do not impose any other restrictions in the Franchise Agreement or otherwise on the goods or services that you may offer or sell or on the customers to whom you may offer or sell.

**ITEM 17  
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**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.**

**THE FRANCHISE RELATIONSHIP**

Provision	Section In Franchise Or Other Agreement	Summary
(a) Length of the franchise term	Franchise Agreement (“FA”) Section 2.1	The term begins on the Effective Date of the FA and expires ten (10) years from the date you open your GDK Outlet for business.
	Multi-Site Development Agreement (“MSDA”) Section 2	The earlier of (i) 5 years from the Effective Date ; or (ii) the opening of the last GDK Outlet specified in the Development Schedule (the “Term”).
(b) Renewal or Extension.	FA Section 15	If you satisfy the requirements to obtain a successor franchise, you may be granted the right to continue operating your GDK Outlet for an additional ten (10) year period.
	MSDA Section 2	You have no right to renew the MSDA.
(c) Requirements for franchisee to renew or extend	FA Section 15.1	You may renew your right to continue operating your GDK Outlet for an additional 10 year term if: (a) you maintain possession of and agree to bring outlet into compliance with specifications and standards, or if you are unable to maintain

		possession of the Premises, or if in our judgment the Outlet should be relocated, you secure substitute premises we approve; (b) no breach of the FA; (c) your Outlet and its operations must fully comply with all specifications and standards; (d) you (and each affiliate of yours) must have paid all amounts owed to us, any of our affiliates and/or the Marketing Fund; (e) you have performed your obligations under the FA to our reasonable satisfaction and your Outlet is not in the bottom 10% in respect of the specified performance or financial standards as set out in the System Standards Manual; (f) you must have executed our then-current form of franchise agreement and related documents then customarily used by us, which may contain materially different terms and conditions than the FA you originally executed; (g) you must have complied with our then-current training requirements; (h) you will, if so required by us, agree to adopt such of the procedures and actions of our top quartile franchisees, as we may specify, if we reasonably believe that to do so would benefit your Outlet; (i) you and if you are a Business Entity, each owner of yours must have executed a General Release; (j) you must have paid 50% of our then-current Initial Franchise Fee; and (k) you will have undertaken a full refurbishment of the Outlet.
(d) Termination by franchisee	FA Section 16.1 MSDA Section 7.1	You can terminate if we fail to cure a material default within the cure period, subject to state law.
(e) Termination by franchisor without cause	FA Section 16.1 MSDA Sections 7.1, 7.2	We can terminate without cause if you and we mutually agree to terminate.
(f) Termination by franchisor with cause	FA Section 16.1-16.3 MSDA Sections 7.1, 7.2	We may terminate for cause.
(g) "Cause" defined - curable defaults	FA Sections 16.1-16.2 MSDA Sections 7.1, 7.2	You have 30 days to cure any default, other than defaults described below under "non-curable defaults."
(h) "Cause" defined – non-curable defaults	FA Section 16.1	The following defaults cannot be cured: (a) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise; (b) you fail to begin operating the Outlet within eight (8) months of the Effective Date; (c) your, or your owners, failure to successfully complete initial or any other training to our satisfaction; (d) you abandon or fail to actively operate the Outlet for seven (7) or more consecutive business days, unless the Outlet has been closed for a purpose we have approved or because of casualty or government order; (e) you

		<p>surrender or transfer control of the operation of the Outlet without our prior written consent; (f) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense; (g) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Outlet or another GDK Outlets or the goodwill associated with the Marks; (h) you understate Gross Revenues by 5% or more; (i) you (or any of your owners) make an unauthorized assignment of the FA or of an ownership interest in you or the Outlet; (j) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, the FA or such owner's interest in you is not assigned as required under the FA; (k) you lose the right to possession of the Premises; (l) you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the System Standards Manual in violation of the FA; (m) you violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within 24 hours, after written notice is delivered to you; (n) you fail to make payments of any amounts due to us and do not correct such failure within 30 days after written notice of such failure is delivered to you; (o) you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Outlet, unless you are in good faith contesting your liability for such taxes; (p) you fail to obtain any prior written approval or consent expressly required by the FA which, in our opinion, is material to the efficient operation of your Outlet; (q) you (or any of your owners) fail to comply with any other provision of the FA or any System Standard and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you; (r) you (or any of your owners) breach any of the in-term restrictions against competition provided in the FA or any obligation to devote your or your owner's whole time and attention to the operation of your Outlet; (s) you fail to permit or cooperate with us or our nominee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you; (t) you fail to meet system standards as outlined in the FA; (u) breach any other franchise agreement or other agreement between you and us or our affiliates and fail to cure the same as required by any such agreement; (v) you have breached the FA on two (2) or more</p>
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		occasions within any twelve (12) consecutive months or three (3) or more occasions within any twenty four (24) consecutive months; (w) during the term of the FA to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with the FA, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or (x) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Outlet is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Outlet is not vacated within thirty (30) days following the entry of such order.
	MSDA Sections 7.1, 7.2	You (or any of your owners): (a) made any material misrepresentation or omission; (b) failed to meet the development schedule; (c) made any unauthorized transfer; (d) been convicted pleaded no contest, or guilty, to, a felony or other serious crime or offense; (e) engaged in any dishonest or unethical conduct; made any unauthorized assignment; (f) or in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement; (g) failed to comply with any other provision of this Agreement or any other agreements with us; or (h) are insolvent or bankrupt. 30 days to cure if (i) you if you are a Business Entity, failure to maintain active status in your state of organization; (ii) you violate the terms of any Franchise Agreement (including Franchise Agreements not included in the Development Schedule), this Agreement, or any other agreement between you and us or our affiliates, vendors or suppliers; or (iii) continued violation of any law, ordinance, rule or regulation of a governmental agency; or our failure to obtain any approvals or consents required by the Development Agreement.
(i) Franchisee's obligations on termination/non-renewal	FA Sections 17.1-17.3, 17.6	Obligations include complete de-identification, cease use of intellectual property, return of Manuals and all branded materials, return of software, assignment of customer information and accounts, cancellation of fictitious names, and payment of amounts due (also see "r" below).
	FA Section 14.1	No restriction on our right to assign.

(j) Assignment of contract by franchisor	MSDA Section 6.1	
(k) "Transfer" by franchisee – defined	FA Section 14.2	Includes transfer of contract or assets, or ownership change.
	MSDA Section 6.2	
(l) Franchisor approval of transfer by franchisee	FA Sections 14.1-14.3	We have the right to approve all transfers but will not unreasonably withhold approval.
	MSDA Section 6.2	
	MSDA Section 6.2	
(m) Conditions for franchisor approval of transfer	FA Sections 14.3, 14.4	Transferee must meet our qualifications, successfully complete training (or commit to do so), pay training fee, obtain all required licenses and permits, and enter into a new franchise agreement for the remainder of the term (or at our option, take assignment of existing franchise agreement). You must be in compliance with Franchise Agreement, paid all amounts due us or third-party creditors, assign your lease, if applicable, remodel the Office to current standards (or get a commitment from transferee to do so), pay us the Transfer Fee, and sign a general release, confidentiality and non-complete agreements, subordination agreement and other documents we may require. We notify you that we do not intend to exercise our right of first refusal.
(n) Franchisor's right of first refusal to acquire franchisee's business	FA Section 14.9	We can match the offer you receive for the sale of your Outlet.
(o) Franchisor's option to purchase franchisee's business	FA Section 14.10	We have the right to purchase your Outlet upon the expiration or termination of the FA.
(p) Death or disability of franchisee	FA Section 14.6	The franchise can be transferred to a third party approved by us upon your death, disability or incapacity so long as it is done within 6 months of death or disability. Transfer conditions apply (see m above).
	MSDA Section 6.4	
(q) Non-competition covenants during the term of the franchise	None	None
(r) Non-competition covenants after the franchise is terminated or expires	FA Section 17.4	(a) for a period of twelve (12) months after the termination or expiration engage in, be employed by or be concerned or interested, directly or indirectly, in any business which is a Competitive Business within fifty (50) miles of your Protected Territory; (b) for a period of twelve (12) months after the termination or expiration be concerned or interested, directly or indirectly, in any business which is a Competitive Business within the Protected Territory; (c) for a period of twelve (12) months after the termination or expiration be engaged on a self-employed basis or be employed by a business whose principal business activity is a

		Competitive Business within the Protected Territory; (d) for a period of twelve (12) months after the termination or expiration engage in, be employed by or be concerned or interested, directly or indirectly, in any business from the Premises which is a Competitive Business; (e) for a period of twelve (12) months after the termination or expiration engage in, be employed by or be concerned or interested, directly or indirectly, in any business which is a Competitive Business within fifty (50) miles of the territory of another of our franchisees; (f) for a period of twelve (12) months after the termination or expiration, for the purposes of a Competitive Business, have any commercial dealings with or solicit any person, firm or company that has been a customer of your GDK Outlet for whom you have provided services or products at any time in the twelve (12) months period prior to such termination or expiration; (g) for a period of twelve (12) months after the termination or expiration, sell any of the business assets used in the operation of your GDK Outlet or transfer any shares in your Business Entity to a third party which would enable, in either case, a third party directly or indirectly to carry on a Competitive Business; (i) at any time after the termination or expiration, in connection with any other business or activity of any kind, including a Competitive Business, attempt to replicate any proprietary recipes of ours (including, for the avoidance of doubt, recipes for meat, sauces or breads) nor shall you purchase (or attempt to purchase) any proprietary products from our approved suppliers.
(s) Modification of the agreement	FA Section 19.13 MSDA Section 11.4	Requires writing signed by both parties (except for unilateral changes to Manuals or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
(t) Integration/merger clause	FA Section 19.13 MSDA Section 11.9	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	FA Sections 20.1, 20.2 MSDA Section 10	Must mediate first and then the dispute must go to arbitration, subject to state law.
(v) Choice of Forum	FA Section 19.8	Any arbitration must be conducted in Delaware, subject to state law.
	MSDA Section 11.2	
(w) Choice of Law	FA Section 19.7 MSDA 11.1	Delaware law (subject to applicable law).

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**ITEM 18  
PUBLIC FIGURES**

We currently do not use any public figures 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 Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Daniel Bunce at 11015 Beauty Lane, Dallas, Texas 75229; telephone (248) 513-1249, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
System Wide Outlet Summary  
For Years Ending December 31, 2022, 2023 and 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	1	1	0
	2023	1	7	+6
	2024	7	9	+2
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
<b>Total Outlets</b>	<b>2022</b>	<b>1</b>	<b>1</b>	<b>0</b>
	<b>2023</b>	<b>1</b>	<b>7</b>	<b>+6</b>
	<b>2024</b>	<b>7</b>	<b>9</b>	<b>+2</b>

**Table No. 2  
Transfers of outlets from Franchisees to New Owners  
(Other than the Franchisor)  
For Years Ending December 31, 2022, 2023 and 2024**

State	Year	Number of Transfers
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**Table No. 3  
Status of Franchised Outlets for years ending  
For Years Ending December 31, 2022, 2023 and 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other reasons	Outlets at End of Year
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New York	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	2024	3	2	0	0	0	0	5
Texas	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
<b>Total</b>	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2023</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>
	<b>2024</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For Years Ending December 31, 2022, 2023 and 2024**

State	Year	Outlets at Start of Year	Outlets Reopened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
<b>Totals</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 5**  
**Projected Openings as of**  
**December 31, 2024**

<u>State</u>	<u>Franchise Agreements Signed But Outlet Not Opened</u>	<u>Projected New Franchised Outlets In The Next Fiscal Year</u>	<u>Projected New Company-Owned Outlets In The Next Fiscal Year</u>
New York	1	2	0
<b>Totals</b>	<b>1</b>	<b>2</b>	<b>0</b>

Exhibit D to this Disclosure Document list the names of all of our operating franchisees and the addresses and telephone numbers of their GDK Outlets as of December 31, 2024 and also lists the franchisees who have signed Franchise Agreements for GDK Outlets which were not yet operational as of the issuance date of this disclosure document. Exhibit E lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no franchisees who have signed a confidentiality agreement that restricts a current or former franchisee from discussing his or her experience as a franchisee in the GDK System during the last 3 years.

There are no trademark specific franchisee associations that we are aware of.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit G are our unaudited financial statements from January 1 to July 31, 2025; and our audited financial statements for the fiscal years ended December 31, 2022, December 31, 2023, and December 31, 2024.

**ITEM 22**  
**CONTRACTS**

Franchise Agreement - Exhibit B  
Franchise Protected Territory/Outlet Location (Exhibit A to Franchise Agreement)  
Principal Owners Statement (Exhibit B to Franchise Agreement)  
Principal Owners Guaranty (Exhibit C to Franchise Agreement)  
Conditional Assignment of Lease Agreement (Exhibit D to Franchise Agreement)  
Non-Disclosure and Non-Competition Agreement (Exhibit E to Franchise Agreement)  
Sample General Release - Exhibit F  
Non-Disclosure Agreement - Exhibit J

**ITEM 23**  
**RECEIPTS**

Attached as Exhibit K to this disclosure document are detachable documents acknowledging your receipt of this disclosure document.

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**EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.

STATE	AGENCY	PROCESS, IF DIFFERENT
California	<p>Department of Financial Protection and Innovation  <i>Los Angeles</i>                      320 West 4th Street, Suite 750                      Los Angeles, CA 90013-2344                      (213) 576-7500</p> <p><i>Sacramento</i>                      2101 Arena Blvd.                      Sacramento, CA 95834                      (916) 445-7205</p> <p><i>San Diego</i>                      1350 Front Street, Room 2034                      San Diego, CA 92101-3697                      (619) 525-4233</p> <p><i>San Francisco</i>                      One Sansome Street, Suite 600                      San Francisco, CA 94104-4428                      (415) 972-8565</p> <p>Toll Free (866) 275-2677</p>	<p>Commissioner of Financial Protection and Innovation                      320 West 4th Street, Suite 750                      Los Angeles, CA 90013-2344</p>
Hawaii	<p>Department of Commerce and Consumer Affairs                      Business Registration Division                      P.O. Box 40                      Honolulu, HI 96810                      (808) 586-2727                      (808) 586-2740                      (808) 586-2744</p>	<p>Commissioner of Securities of Department of Commerce and Consumer Affairs                      Business Registration Division                      Securities Compliance Branch                      King Kalakaua Building                      335 Merchant Street, Room 205                      Honolulu, HI 96813</p>
Illinois	<p>Franchise Division                      Office of Attorney General                      500 South Second Street                      Springfield, IL 62701                      (217) 782-4465</p>	

STATE	AGENCY	PROCESS, IF DIFFERENT
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams Building, 1st Floor 525 W. Ottawa St. Lansing, MI 48913 (517) 335-7567	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 539-1500	Minnesota Department of Commerce Securities Unit Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101
New York	Investor Protection Bureau Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 Phone: (212) 416-8222	Attention: New York Secretary of State New York Department of State The Division of Corporations One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510
Rhode Island	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex – Bldg 69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	

STATE	AGENCY	PROCESS, IF DIFFERENT
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219-3630 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760 -or 150 Israel Road SW Tumwater, WA 98501	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 -or 345 West Washington Avenue Fourth Floor Madison, WI 53703 (608) 266-2801 (608) 266-2139	Administrator, Division of Securities Department of Financial Institutions 345 W. Washington Ave., 4th Floor Madison, Wisconsin 53703

**EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**



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**GERMAN DONER KEBAB**  
**US FRANCHISE AGREEMENT**

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EFFECTIVE DATE

---

FRANCHISE OWNER

---

OUTLET NUMBER

ADDRESS OF OUTLET TO BE  
COMPLETED WHEN PREMISES IS  
ACQUIRED:

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### EXHIBITS

Exhibit A	Address of Approved Location and Protected Territory
Exhibit B	Principal Owners Statement
Exhibit C	Principal Owners Guaranty
Exhibit D	Conditional Assignment of Lease Agreement
Exhibit E	Non-Disclosure Agreement

**GERMAN DONER KEBAB  
FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is effective as of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”). The parties to this Agreement are **GDK USA, INC.**, a Delaware corporation, with its principal business address at 11015 Beauty Lane, Dallas, Texas 75229 (referred to in this Agreement as “**we**,” “**us**” or “**our**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (referred to in this Agreement as “**you**,” “**your**” or “**Franchise Owner**”).

**1. INTRODUCTION**

1.1. **The GDK System.** We and our affiliates have expended considerable time and effort in developing a unique and distinctive business concept that offers customers ‘Kebabs done Right’ at competitive prices. The System has been developed by us and our affiliates through extensive research and experience. It includes specific know-how that enables the System to offer customers premium kebab products with high levels of customer service to meet a wide range of occasions from a broad variety of location types and formats (a “**GDK Outlet**” or “**Outlet**”). GDK Outlets operate under the service mark and trade name “**GDK**” and other associated (registered and unregistered) logos, copyrights, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, copyrights, e-names and commercial symbols in conjunction with the operation of GDK Outlets (collectively, the “**Intellectual Property**”) and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, a right to own and operate a GDK Outlet offering the products and services we authorize and approve and utilizing the Intellectual Property and the System. You have applied for a right to own and operate a GDK Outlet.

1.2. **Delegation of Performance.** We may delegate the performance of any portion or all of our obligations under this Agreement to third-parties, whether they are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-parties will be obligated to perform the delegated functions for you in compliance with this Agreement.

1.3. **Business Organization.** If you are at any time a business organization (“**Business Entity**”) (like a corporation, limited liability company or partnership) you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Principal Owners Statement will completely and accurately describe all of your owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to this Agreement as **Exhibit B**;

(d) you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your organization or formation as we may request (no ownership changes may be made without our approval);

(e) each of your owners during the term of this Agreement will sign and deliver to us our standard form of Principal Owner’s Guaranty undertaking to be bound jointly and severally by

all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to this Agreement as **Exhibit C**; and

(f) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

## 2. GRANT AND TERM.

2.1 **Grant of Franchise and Restrictions.** You have applied for a franchise to own and operate a GDK Outlet only at the location identified on **Exhibit A** to this Agreement (the “**Premises**”) and, if we authorize you to make deliveries, from any vehicle (which includes cars, vans or two wheel bicycles, scooters or mopeds) used for the purpose of providing products and services in connection with the operation of your GDK Outlet (“**Vehicle**”). Subject to the terms of and upon the conditions contained in this Agreement, we grant you the right to: (a) operate a GDK Outlet at the Premises, and at no other location; and (b) use the Intellectual Property and the System in connection with operating your GDK Outlet. The term of this Agreement begins on the Effective Date and expires ten (10) years from the date you open your GDK Outlet for business (“**Term**”). This Agreement may be terminated before it expires in accordance with its terms.

You agree that you may not operate your GDK Outlet from any other location except the Premises, and you may not relocate your GDK Outlet for any purpose without our express prior written approval. You agree that you will at all times faithfully, honestly and diligently perform your obligations, continuously exert your best efforts to promote and enhance the GDK System and not engage in any other business or activity that conflicts with your obligations to operate your GDK Outlet in compliance with this Agreement. You must not engage catering or direct delivery services with a Vehicle without our written consent, however you shall be permitted to use the services of delivery aggregators (such as DoorDash and Uber Eats) in accordance with the terms of this Agreement. If we consent to your GDK Outlet’s relocation, you must pay us a fee equal to 50% of our then-current Initial Franchise Fee (“**Relocation Fee**”).

2.2 **Protected Territory.** For as long as you comply with the provisions of this Agreement and, in our reasonable judgment, you are able to operate your GDK Outlet efficiently and expeditiously, we will not operate or grant a license or franchise to any third party to operate another restaurant using the Intellectual Property and System within the geographic region listed as the Protected Territory on **Exhibit A** to this Agreement (the “**Protected Territory**”) until the expiration or earlier termination of this Agreement. This Protected Territory does not include any Excluded Locations within that territory. Excluded Locations includes:

- 2.2.1 Educational Campuses - including university, college or school campuses;
- 2.2.2 Sports & Leisure Locations – including theme parks, holiday resorts, stadiums, arenas, concert venues and convention or civic centers; and
- 2.2.3 Transport Locations – including airports, major train stations, motorway service stations or road-side rest stops.

(the “**Excluded Locations**”).

The limited Protected Territory granted under this Agreement is the only territorial protection granted to you and does not in any way expressly or implicitly grant any other area, market, territorial, or development rights to you or restrict us or our affiliates in any way in the manner in which we and our affiliates may conduct or operate our respective businesses outside the Protected Territory. You will not, and if you are a Business Entity you will procure that your owners will not, seek customers in connection with your Outlet outside your Protected Territory. You will not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Protected Territory. Notwithstanding the foregoing, you recognize that we cannot prevent other franchisees from responding to unsolicited enquiries from customers in your Protected Territory. You acknowledge that

marketing activities (especially advertising online, in newspapers, magazines, radio and television) by us and others may be received by persons within your Protected Territory even though they may be aimed principally outside the Protected Territory. Further, you acknowledge that we cannot control the “delivery areas” ascribed to Outlets by delivery aggregators and that such areas may (and likely will) not match the Protected Territory. Accordingly, we cannot prevent other franchisees from fulfilling orders from customers in the Protected Territory who have placed their order through a delivery aggregator.

**2.3 Rights We Reserve.** We reserve all rights not expressly granted to you pursuant to this Agreement. Nevertheless, we (and our affiliates) retain all rights with respect to GDK Outlets, the Intellectual Property, the sale of similar or dissimilar products and services, and any other activities we (and our affiliates) deem appropriate wherever and whenever we determine, including, without limitation, the right to:

- 2.3.1 issue competing franchises and to directly or indirectly develop and operate competing company-owned businesses using the Intellectual Property for or at any Excluded Locations within the Protected Territory and any locations outside of the Protected Territory, including locations near the boundaries of the Protected Territory;
- 2.3.2 solicit prospective franchisees and grant other persons the right to operate GDK Outlets through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means;
- 2.3.3 sell, solicit, recruit and provide services for GDK Outlets or any franchised business not defined as a GDK Outlet in this Agreement;
- 2.3.4 sell, and provide the products and/or services authorized for sale by, GDK Outlets using the Intellectual Property or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded Premises and Premises located within other retail businesses, Intranet, Internet, web Premises, wireless, email or other forms of e-commerce), including the sale and distribution of food products in grocery and other retail stores, for distribution within and outside of your Protected Territory and pursuant to such terms and conditions as we consider appropriate. You will not receive any compensation for our acceptance of orders from within your Protected Territory;
- 2.3.5 acquire the assets or ownership interest of one or more businesses providing products and services similar to those provided at GDK Outlets, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these business (or the franchisees or licensees of these businesses) are located or operating (including in your Protected Territory);
- 2.3.6 be acquired (whether through acquisition of assets, ownership interest or otherwise, regardless of the form of transaction), buy a business providing products and services similar to those provided at GDK Outlets, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Territory;
- 2.3.7 conduct all internet-related, e-commerce, social media and related communications relating to the operation of GDK Outlets or the selling of products and services offered at any of the GDK Outlets. As such, and without limiting the generality of the foregoing, we will have the sole right to establish one or more websites that contain any of the Intellectual Property, or that advertise, market or promote any of the services that we authorize for GDK Outlets. You agree to

follow our rules and policies with respect to the use of the internet and social media, both for advertising and marketing, and for the conducting of electronic commerce. We may engage in internet and any e-commerce, marketing, promotion and operation, even if those activities affect customer relationships within your Protected Territory;

- 2.3.8 offer, promote and perform delivery and catering services, whether or not using the Intellectual Property, anywhere; and
- 2.3.9 solicit prospective franchisees for, and own and operate, businesses and Outlets of any other kind or nature, anywhere.

#### **2.4 Business Judgment.**

- 2.4.1 Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations using reasonable business judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of reasonable business judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the franchise system generally, even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the franchise system include enhancing the value of the trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, improving profitability, enhancing or encouraging modernization, and improving the competitive position of the franchise System. Unless we have exercised our discretion capriciously or arbitrarily, you will accept and comply with our judgement or decisions.
- 2.4.2 You acknowledge that we specifically reserve the right and privilege, as we deem appropriate according to our reasonable business judgment, and subject to reasonable deviations, to vary System Standards or other aspects of the System for any franchise owner. You have no right to require us to grant you a similar variation or accommodation.

### **3. PREMISES SELECTION AND DEVELOPMENT.**

3.1 **Premises Selection.** If you have not done so prior to signing this Agreement, you (with or without our assistance) must, within ninety (90) days of signing this Agreement, locate a Premises that we (in our reasonable discretion) have accepted (such acceptance includes approval of the lease or other occupancy rights by us). The Premises must meet our criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from and proximity to other businesses and other GDK Outlets, the nature of other businesses in proximity to the Premises and other commercial characteristics and the size, appearance and other physical characteristics of the proposed Premises, and any other factors or characteristics that we consider appropriate. Our criteria, and our evaluation of them, may vary periodically and from location to location. You must send us a complete Premises report (containing the demographic, commercial and other information, photographs and video recordings that we may reasonably require) for your proposed Premises. We may accept or reject all proposed Premises in our commercially reasonable judgment. We will accept or reject a Premises you propose for an Outlet within thirty (30) days after we receive from you a complete Premises report and any other materials we request. Your Premises is deemed rejected if we fail to issue our written acceptance within the 30-day period. You acknowledge and agree that our recommendation or acceptance of the Premises indicates only that we believe that the Premises falls within the acceptable criteria for Premises and premises that we have established as of the time of our recommendation or acceptance of the Premises.

#### **3.2 Lease of Premises.**

- 3.2.1 **Lease of Premises:** You must deliver copies of the proposed lease agreement and related documents to us prior to signing them. You must not sign any lease agreement or related documents unless we have previously approved them. The insurance policy required by our System Standards must be in force and effect when the lease is signed. Our review and approval is designed to ensure that the lease contains terms that we accept or require for our benefit and the franchise system; it is not a substitute for careful review and analysis by you and your advisors. Additionally, before entering into such a lease, you and the lessor must sign our then-current form of Conditional Assignment of Lease Agreement (the “**Conditional Assignment**”), attached to this Agreement as **Exhibit D**. You must give the lessor our forms of the Conditional Assignment when you begin discussions with the prospective lessor. If you want to lease the Premises from any of your affiliates (or affiliates of your principal owners), we may also require them to sign such agreements to ensure compliance with the provisions of this Agreement. You will provide us with a copy of the fully executed lease and Conditional Assignment no later than five (5) days following the date upon which you execute the same.
- 3.2.2 **Lease Approval:** You must:
- 3.2.2.1 obtain our approval of the lease of the Premises before you sign it, or any renewal of it;
  - 3.2.2.2 deliver a copy of the signed lease to us within fifteen (15) days after its execution along with the Conditional Assignment; and
  - 3.2.2.3 not sign any lease or renewal of a lease unless you have also obtained the Conditional Assignment signed by the lessor.
- 3.2.3 **Mandatory Lease Terms:** We may require that the lease or any renewal contain certain provisions, including the following:
- 3.2.3.1 a provision which expressly permits the lessor of the Premises to provide us with all revenue and other information it may have related to the operation of your GDK Outlet as we may request;
  - 3.2.3.2 a provision which requires the lessor to contemporaneously provide us with copies of any written notice of default under the lease sent to you;
  - 3.2.3.3 a provision that allows us to assume the lease and obtain possession of your GDK Outlet on the expiration or earlier termination of this Agreement;
  - 3.2.3.4 a provision which evidences your right to display the Intellectual Property in accordance with the specifications required by the System Standards Manual, subject only to the provisions of applicable law;
  - 3.2.3.5 a lease term which is at least equal to the initial term of this Agreement, either through an initial term of that length or rights, at your option, to renew the lease for the full term of this Agreement;
  - 3.2.3.6 limitation on the Landlord from leasing space to house a Competitive Business;
  - 3.2.3.7 a provision preventing the lease from being modified or amended without our prior written consent;
  - 3.2.3.8 a provision in which the Landlord agrees that the use of premises will be limited to the operation of a franchised GDK Outlet, and agrees to our

then-current standards for Lease Agreements for GDK Outlets including allowing the signage standards, designated spots for pick-ups and delivery vehicles, minimum number of parking spaces devoted to the Outlet, outside seating; and

- 3.2.3.9 a provision that allows us to obtain entry onto the premises of the Premises to ensure that all de-identification standards in this Agreement are fulfilled in case you do not or are unable to do so, at our expense (to be recharged to you), including removal of signage and fixtures.

3.3 **Ownership and Financing.** Instead of leasing a Premises, you may propose to purchase and own any or all of a Premises directly or through affiliates. The insurance required by our System Standards must be in full force and effect when you begin construction of your Outlet. You must meet certain conditions: if you or your affiliates own a Premises, if at any time prior to acquisition, or subsequently, you or your affiliates propose to obtain any financing with respect to the Premises or for your GDK Outlet or for any Designated Equipment (as defined in Section 10.10 of this Agreement) in which any of such items are pledged as collateral securing your performance, the form of any purchase contract with the seller of a Premises and any related documents, and the form of any loan agreement with or mortgage in favor of any lender and any related documents, must be approved by us before you sign them. Our consent to them may be conditioned upon the inclusion of various terms and conditions, including (but not limited to) a provision which requires any lender or mortgagee concurrently to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to you or your affiliates or the purchaser.

#### 4 OUTLET DEVELOPMENT, DECOR AND DESIGNATED EQUIPMENT.

4.1 **Outlet Development.** You are responsible for developing the Outlet at your sole cost and expense. We, or our designees, may, at any time and from time to time (but in no way limiting or affecting your responsibility for developing the Outlet) provide certain support and assistance in the development and start-up of your Outlet.

- 4.1.1 We will furnish you with mandatory and suggested specifications and layouts for a GDK Outlet, including requirements for dimensions, design, color scheme, image, interior layout, decor, and Designated Equipment which include fixtures, equipment, signs, furnishings, and color scheme. These plans might not reflect the requirement of any federal, state or local law, code or regulation, including those arising under the Americans with Disabilities Act (the “ADA”) or similar rules governing public accommodations for persons with disabilities. It is your responsibility to prepare a Premises survey and all required construction plans and specifications to suit the premises for the Outlet and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements and Lease requirements and restrictions. You are obligated at your expense to have an architect prepare all required construction plans and specifications, based on design drawings provided by one of our approved designers and specifications, to suit the shape and dimensions of the Premises and to ensure that such plans and specifications comply with applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. If we require, you must at your expense use construction contractors designated or approved by us. If we or our affiliates supervise the Outlet’s development, we or our affiliates will have the right to receive a fee in connection with such services. You must send us construction plans and specifications for review before you begin constructing the Outlet and all revised or “as-built” plans and specifications during construction. Our review is limited to

ensuring your compliance with our design requirements, we will not assess compliance with federal, state or local laws and regulations, including the ADA, OSHA and state and local environmental requirements and building codes, as compliance with these laws is your responsibility. We may inspect the Premises while you are developing the Outlet.

4.1.2 You agree, at your own expense, to do the following with respect to developing the Outlet at the Premises:

4.1.2.1 secure all financing required to develop and operate the Outlet;

4.1.2.2 obtain all building, utility, sign, health, sanitation, business and other permits and licenses required to construct and operate the Outlet;

4.1.2.3 construct all required improvements to the Premises and decorate the Outlet in compliance with plans and specifications we have approved (the “**Construction**”);

4.1.2.4 you must give us notice of commencement of the Construction within fourteen (14) days of the date it began, with progress reports at least every second week thereafter;

4.1.2.5 the Construction must be completed within six (6) months of the Effective Date of this Agreement;

4.1.2.6 sign a lease or otherwise obtain the right to occupy the Premises, and obtain our written approval of the lease or other occupancy rights, within ninety (90) days of the Effective Date;

4.1.2.7 obtain all customary contractors’ sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services;

4.1.2.8 purchase or lease and install all Designated Equipment required for the Outlet; and

4.1.2.9 purchase an opening inventory of authorized and approved products, materials and supplies.

4.2 **Décor, Signage and Equipment.** On receipt of payment from you of the Initial Fee and subsequent to the Effective Date of this Agreement, you will engage with one of our approved designers who will supply you with a list of décor requirements, signage (including stationary) requirements and Designated Equipment. You agree that all décor, signage and Designated Equipment for your GDK Outlet must be previously approved by us and must comply with our standards and specifications as described in the System Standards Manual or other communications, which may be periodically revised. Your failure to maintain the Outlet’s décor, signage and Designated Equipment in compliance with our System and the standards and specifications described in the System Standards Manual or otherwise constitutes a material breach of this Agreement.

4.3 **Outlet Opening.** You agree not to open the Outlet for business until:

4.3.1 we have inspected your GDK Outlet and confirmed, in writing, that the Outlet as developed in accordance with our specifications and standards and in suitable condition to open for business;

4.3.2 all of your pre-opening obligations have been fulfilled;

4.3.3 pre-opening training has been completed to our satisfaction;

- 4.3.4 the Initial Franchise Fee and all other amounts then due to us and/or to any affiliate have been paid and we are satisfied on the basis of information that you have provided that you have sufficient financial resources to enable you to fully develop your Outlet;
- 4.3.5 we have been furnished with copies of all insurance policies required by this Agreement, or such other evidence of insurance coverage and payment of premiums as we request or accept;
- 4.3.6 we have received signed counterparts of all required documents pertaining to your acquisition of the Premises.

You agree to open the Outlet for business within six (6) months following the Effective Date and within thirty (30) days after we notify you that the above conditions have been satisfied; but in no event later than the time required by any other agreement you have with us.

4.4 **Grand Opening Program.** You agree to conduct pre-launch, soft launch and grand opening advertising together with a promotional program for the Outlet during the period from when the certificate of occupancy is issued and up to ninety (90) days post opening in accordance with the requirements of the System Standards Manual. You and we will determine the amount to be spent on such promotional program by mutual agreement, but it will not be less than \$10,000. If you fail to spend the required amounts, we may, at our option, make such expenditures on your behalf and you must then reimburse us for our costs and expenses in doing so. Your failure to comply with your pre-launch, soft launch and grand opening obligations is a material breach of this Franchise Agreement.

## 5 FEES.

5.1 **Initial Franchise Fee.** You agree to pay us a nonrecurring Initial Franchise Fee in the amount of \$30,000 (“**Initial Franchise Fee**”). The Initial Franchise Fee must be paid on the Effective Date. The Initial Franchise Fee is nonrefundable and is fully earned by us when paid. If you and we are unable to agree on a location for the Premises, or you have not obtained a fully signed lease agreement that we have approved in writing for the Premises, within ninety (90) days of the Effective Date, we may terminate this Agreement. If this Agreement is terminated for any reason, you will sign a general release, in the then-current form prescribed by us at the time such release is to be delivered, of any and all claims, liabilities and/or obligations, of any nature whatsoever, including those existing as of, and/or arising before, the date of any such release, however arising, known or unknown, whether against us or our shareholders, officers, directors, employees and agents (“**General Release**”).

5.2 **Royalty.** You agree to pay us a royalty (“**Royalty**”) in the amount of six percent (6%) of your Outlet’s Gross Revenues during each month. On an annual basis, we have the right to increase the fee by up to one percent (1%) of the then-current fee.

5.3 **Marketing Fund Fee.** You agree to pay us a marketing fund fee (“**Marketing Fund Fee**”) in the amount of three percent (3%) of your Outlet’s Gross Revenues during each month. On an annual basis, we have the right to increase the fee by up to one percent (1%) of the then-current fee.

5.4 **E-Commerce Fee.** You agree to pay to us or our nominee without set off, credit or deduction of any nature, an E-Commerce Fee equal to 2% of the Gross Revenues generated by the Outlet from transactions via the GDK mobile application and/or website as set out in the System Standards Manual. Unless otherwise stated in the System Standards Manual, the E-Commerce Fee will be collected by us in accordance with the same procedure as the collection of the Royalty set out in clause 5.2 hereof.

5.5 **Electronic Funds Transfer.** Within five (5) days of the end of each calendar month (the “**Payment Day**”), you must report the amount of your Gross Revenues for the preceding calendar month and pay us, without set off, credit or deduction of any nature, the Royalty, Marketing Fund Fee and E-Commerce Fee. You are required to pay these fees to us by electronic funds transfer on the Payment Day. You must comply with the procedures we specify in our System Standards Manual and perform such acts

and sign and deliver such documents as may be necessary to accomplish payment by such method. If you have not reported the Outlet's Gross Revenues to us for any reporting period, we may charge an amount calculated in accordance with our reasonable estimate of the Outlet's Gross Revenues during any such reporting period. If we determine at any time that you have under-reported Gross Revenues or underpaid fees or other amounts due to us, we will be authorized to immediately initiate a transfer from your account in the appropriate amount in accordance with the foregoing procedures, including applicable interest and late charges. Any overpayment will be credited to your account through a credit, effective as of the first Payment Day after you and we determine that such credit is due.

5.6 **"Gross Revenues"** means all revenues and income from whatever source derived or received by you from, through, by or on account of the operation of your GDK Outlet, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise. There will be deducted from Gross Revenues, to the extent they have been included: (i) all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if you separately state the taxes when the customer is charged and if you pay the taxes to the appropriate taxing authority; and (ii) any documented refunds, chargebacks, credits and allowances given in good faith to customers by you (such deductions will not include any credit card user fees, delivery aggregator commissions or charges, returned checks or reserves for bad credit or doubtful accounts). You agree that the use of any coupons or other discounts, waivers, or any bartering or exchange transactions, or the sale of any products or services bearing the Intellectual Property outside your GDK Outlet without prior written approval by Franchisor is prohibited and the amount of the discount, unapproved exchange or unauthorized sale offered by you in such case shall also be included in the definition of Gross Revenues.

5.7 **Interest and Fees on Late Payments.** All amounts which you owe us will bear interest after their due date at the lesser of the annual rate of 18% or the highest rate allowable by law. You acknowledge that we do not agree to accept any payments after they are due nor commit to extend credit to, or otherwise finance your operation of, the Outlet. In addition to interest, you agree to pay a late fee of \$250.00 to cover our administration costs for each occurrence, as well as require that you reimburse us our legal fees and collections costs. Your failure to pay all amounts when due constitutes grounds for termination of this Agreement.

5.8 **Application of Payments.** Notwithstanding any designation you might make, we have sole discretion to apply any of your payments to any of your past due indebtedness to us or our affiliates. You acknowledge and agree that we have the right to set off any amounts you or your owners owe us against any amounts we might owe you or your owners.

5.9 **Payment Offsets.** We may set off from any amounts that we may owe you any amount that you owe to us, or our affiliates, for any reason whatsoever, including without limitation, Royalties, Marketing Fund Fees, E-Commerce Fees, late payment penalties and late payment interest, amounts owed to us or our affiliates for purchases or services or for any other reason. Thus, payments that we make to you may be reduced, in our discretion, by amounts that you owe to us or our affiliates from time to time. In particular, we may retain (or direct to our affiliates) any amounts that we have received for your account as a credit and payment against any amounts that you may owe to us, or our affiliates, at any time. We may do so without notice to you at any time. However, you do not have the right to offset payments owed to us for amounts purportedly due to you from us.

5.10 **Discontinuance of Service.** If you do not timely pay amounts due us under this Agreement, we may discontinue any services to you, without limiting any of our other rights in this Agreement. Further, we shall be entitled to suspend or restrict your ability to trade including (without limitation) by way of removal of your profile, suspension of your access to technology we provide and/or ability to transact via delivery aggregators or temporary closure of the Outlet altogether.

5.11 **Third Party Payment.** If we accept payment from any third party, company or individual who is not you in respect of payments due hereunder from you, such acceptance shall not in any way imply

that we have accepted a transfer of this Agreement to such third party, nor that we shall accept payments from such source in the future.

## 6 TRAINING AND ASSISTANCE.

6.1 **Initial Training.** Before the Outlet opens, we will furnish initial training on the operation of a GDK Outlet to you (or, if you are a Business Entity, one of your owners) and your Outlet Manager (the “**Initial Training**”). You agree to pay us a nonrefundable fee of \$5,000 for your Initial Training (“**Initial Training Fee**”). Initial Training fees are due thirty (30) days prior to the commencement of the training program. You, or your owners, and your Outlet Manager, are required to complete the Initial Training to our satisfaction at the time and place(s) we designate. Successful completion of the Initial Training program by you, or your owners, is a condition to the opening of the GDK Outlet to the public. Training must be completed at least thirty (30) days prior to opening.

- 6.1.1 The initial classroom training program will be conducted at such location as we may designate in our business judgment. The “on the job” element of the training will be conducted at an Outlet or at such other location we designate.
- 6.1.2 If we determine that you, the Owner, your Outlet Manager or any employee has not successfully completed the Initial Training, we can require such person, at your own expense, to undertake further training and if such person does not undertake such further training or fails to achieve our required standard during such further training then we can terminate this Agreement and you and your affiliates will do all such things as we may require to bring this Agreement to an end and you and, if you are a Business Entity, the Principal, will sign a General Release.
- 6.1.3 We shall provide an on-site training program, which shall be conducted at the Premises prior to the opening of your GDK Outlet.
- 6.1.4 You, or if you are a Business Entity, an Owner, and your personnel will be required to attend mandatory additional and/or refresher training programs, national and regional conferences, conventions and meetings (“**Programs**”) as we deem necessary in our sole discretion to update you on System Standards and/or improve the operation of your GDK Outlet. We may charge an attendance fee for each person attending a mandatory Program. All attendance fees for Programs are due within ten (10) days of your receipt of an invoice for the same.
- 6.1.5 You will be responsible for all travel, living, incidental and other expenses of all persons attending the Initial Training program and any other Programs, seminars or meetings, unless otherwise agreed to by us in writing.
- 6.1.6 You will ensure that you and all your personnel (which shall include new personnel taken on during the term of this Agreement) who we may specify successfully complete such training courses as we may specify and if they do not they will cease any involvement in the operation of your GDK Outlet.
- 6.1.7 For the avoidance of doubt, in the event that this Agreement is not in relation to your first Outlet and you or, if you are a Business Entity, an Owner, have already undertaken and passed the training, we shall not provide any further training to you, unless you specifically requested this and the costs of such further training shall be borne by you.

6.2 **Guidance and Assistance.** We will provide such levels of guidance in the operation of your GDK Outlet as we consider appropriate, which will include telephone assistance during normal business hours. This guidance can be provided in whatever manner we consider appropriate, including electronically. We may, but are not required to, provide on-site assistance at your GDK Outlet. We can elect to charge a reasonable fee for any such on-site assistance which you request us to provide. If we

believe that your GDK Outlet warrants it, we can require that a person designated by us (but at your expense, including travel, wages, lodging and meals) work in your GDK Outlet to supervise its day to day operations until your GDK Outlet meets our standards as set forth in our System Standards Manual.

**6.3 Periodic Training.** We may require you, or your owners, to attend periodic refresher training courses at such times and locations that we designate, and we may charge fees for such courses. You agree to give us reasonable assistance in training other GDK Outlet franchisees. We will reimburse you for your reasonable out-of-pocket expenses in providing such assistance.

**6.4 General Guidance.** We will advise you from time to time regarding the operation of your GDK Outlet based on reports you submit to us or inspections we make. In addition, we may furnish guidance to you with respect to:

- 6.4.1 standards, specifications and operating procedures, and methods utilized by GDK Outlets;
- 6.4.2 purchasing required fixtures, furnishings, equipment, signs, products, materials and supplies and arranging for their distribution to you;
- 6.4.3 recipes, food preparation methods, and menu items;
- 6.4.4 use of suppliers, approved products, volume buying;
- 6.4.5 advertising and marketing materials and programs;
- 6.4.6 employee training on System Standards but not on the terms and conditions of employment generally; and
- 6.4.7 administrative, bookkeeping and accounting procedures.

Such guidance will, at our discretion, be furnished in our System Standards Manual; in bulletins or other written materials; by electronic media and/or during telephone/video consultations and/or consultations at our office or the Outlet.

At your request, we will furnish additional guidance and assistance and, in such a case, may charge the per diem fees and charges we establish from time to time. If you request or we require additional or special training for your employees, all of the expenses that we incur in connection with such training, including per diem charges and travel and living expenses for our personnel, will be your responsibility.

**7. INTELLECTUAL PROPERTY. Ownership and Goodwill of Intellectual Property.** Your right to use the Intellectual Property is derived solely from this Agreement and limited to your operation of the Outlet at the Premises pursuant to and in compliance with this Agreement and all System Standards we prescribe from time to time during its term. Your unauthorized use of the Intellectual Property will be a breach of this Agreement and an infringement of our rights in and to the Intellectual Property. You acknowledge and agree that your usage of the Intellectual Property and any goodwill established by such use will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interests in the Intellectual Property or System upon you (other than the right to operate the Outlet in compliance with this Agreement). We retain all rights in the Intellectual Property and the System. If requested by us, you will assign to us, in such form as we may specify, any goodwill relating to the Intellectual Property or the System. You shall not oppose or engage in any acts or omissions inconsistent with our rights in and to the Intellectual Property and System. All provisions of this Agreement applicable to the Intellectual Property apply to any additional intellectual property we authorize you to use.

**7.2 Limitations on Your Use of Intellectual Property.** You agree to use the Intellectual Property as the sole identification of the Outlet, except that you agree to identify yourself as the independent owner in the manner we prescribe. You may not use modifying words, terms, designs or symbols (other than logos we license to you), or in any modified form, nor may you use any trademark in connection with the performance or sale of any unauthorized services or products or in any other manner we have not

expressly authorized in writing. No Intellectual Property may be used in any advertising concerning the transfer, sale or other disposition of the Outlet or an ownership interest in you. You agree to display the Intellectual Property prominently in the manner we prescribe at the Outlet, on supplies or materials we designate and in connection with forms and advertising and marketing materials (including packaging). You agree to give such notices of trade and service mark registrations as we specify and to obtain any fictitious or assumed name registrations required under applicable law.

**7.3 Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Intellectual Property, or of any claim by any person of any rights in any Intellectual Property, and you agree not to communicate with any person other than us, our attorneys and your attorneys in connection with any such infringement, challenge or claim. We have sole discretion to take such action as we deem appropriate and the right to control exclusively any litigation, U.S. Patent and Trademark Office proceeding or any other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Intellectual Property. You agree to sign any and all instruments and documents, render such assistance and do such acts and things as, in the opinion of our attorneys, may be necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Intellectual Property.

**7.4 Discontinuance of Use of Intellectual Property.** If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue the use of any Intellectual Property and/or use one or more additional or substitute trade or service marks, you agree to comply with our directions, at your sole expense, within a reasonable time after receiving notice. We will not reimburse you for any loss of revenue attributable to any modified or discontinued Intellectual Property or for any expenditures you make to promote a modified or substitute trademark or service mark. You agree to make no claim in connection with any modification, discontinuance or other action, and/or with any dispute regarding the Intellectual Property.

**7.5 Indemnification.** We will indemnify you against and reimburse you for all damages for which you are held liable to third parties in any proceeding arising out of your authorized use of any of our Intellectual Property, pursuant to and in compliance with this Agreement, resulting from claims by third parties that your use of any of the Intellectual Property infringes their trademark rights, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with the terms of this Agreement. We will not indemnify you against the consequences of your use of the Intellectual Property except in accordance with the requirements of this Agreement. You must provide written notice to us of any such claim within ten (10) days of your receipt of such notice and you must tender the defense of the claim to us. We will have the right to defend any such claim and if we do so, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any attorney retained by you. If we elect to defend the claim, we will have the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

## **8. CONFIDENTIAL INFORMATION AND DATA PROTECTION.**

**8.1 Types of Confidential Information.** We possess (and will continue to develop and acquire) certain confidential information (the “**Confidential Information**”) relating to the development and operation of GDK Outlets, which includes (without limitation):

- 8.1.1 the System and the know-how related to its use;
- 8.1.2 plans, specifications, size and physical characteristics of GDK Outlets;
- 8.1.3 Premises selection criteria, land use and zoning techniques and criteria;
- 8.1.4 methods in obtaining licensing and meeting regulatory requirements;
- 8.1.5 sources and design of equipment, furniture, forms, materials and supplies;

- 8.1.6 marketing, advertising and promotional programs for GDK Outlets;
- 8.1.7 staffing and delivery methods and techniques for personal services;
- 8.1.8 the selection, testing and training of personnel for GDK Outlets;
- 8.1.9 the recruitment, qualification and investigation methods to secure employment for employment candidates;
- 8.1.10 any computer software we make available or recommend for GDK Outlets;
- 8.1.11 methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of GDK Outlets;
- 8.1.12 knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment;
- 8.1.13 recipes, formulas, preparation methods and serving techniques; and
- 8.1.14 knowledge of operating results and financial performance of GDK Outlets other than those operated by you (or your affiliates).

**8.2 Disclosure and Limitations on Use.** We will disclose much of the Confidential Information to you and personnel of the Outlet by furnishing the System Standards Manual to you and by providing training, guidance and assistance to you. In addition, in the course of the operation of your Outlet, you or your personnel may develop ideas, concepts, methods, menu items, preparation or serving techniques or improvements (“**Improvements**“) relating to your Outlet, which you agree to disclose to us. We will be deemed to own the Improvements and may use them and authorize you and others to use them in the operation of GDK Outlets. By this paragraph, you assign ownership of any Improvements, and all related rights to that Improvement to us and agree to take whatever action (including signing assignment, foreign or domestic registrations, applications or notifications, or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in such Improvement. Improvements will then also constitute Confidential Information.

**8.3 Confidentiality Obligations.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of your Outlet, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary, includes trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

- 8.3.1 will not use the Confidential Information in any other business or capacity;
- 8.3.2 will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;
- 8.3.3 will not make unauthorized copies of any portion of the Confidential Information disclosed via electronic medium, in written form or in other tangible form, including, for example, the System Standards Manual; and
- 8.3.4 will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including, restrictions on disclosure to your employees and the use of a Nondisclosure Agreement in the form attached to this Agreement as **Exhibit E** or as we otherwise may prescribe for employees or others who have access to the Confidential Information. You will provide us with a copy of any executed Nondisclosure Agreement upon our request.

**8.4 Exceptions to Confidentiality.** The restrictions on your disclosure and use of the Confidential Information will not apply to information and materials: (i) that are or subsequently become publicly available without your breach of any duties owed to us; (ii) was known by you prior to us disclosing it; or (iii) became known to you from a source other than us, other than by the breach of an obligation of confidentiality owed to us. In addition, you may disclose Confidential Information as required to comply with lawful requests or binding orders of regulators or other governmental entities that have jurisdiction over it; provided that you must (a) give us reasonable written notice to allow us to seek a protective order or other appropriate remedy, (b) disclose only such Confidential Information as is required by the governmental entity, and (c) use commercially reasonable efforts to obtain confidential treatment for any Confidential Information so disclosed.

**8.5 Data Protection.** You and we each agree to comply with our respective obligations under data protection legislation (“**Data Protection Legislation**”) and shall each procure that any of our employees involved in connection with the activities under this agreement shall) duly observe all their obligations under Data Protection Legislation including, but not limited to, any notification requirements which arise in connection with this agreement. You shall provide us with any customer data (“**Customer Data**”) in relation to the operation of your Outlet as we may reasonably require for any purposes which we may specify from time to time. As between you and us, we shall be considered the owners of all Customer Data related to the Outlet, including all customer databases. If required by Data Protection Legislation, you shall obtain the consent of the relevant customers to the disclosure of their Customer Data to us. This may include providing the required privacy information in accordance with the Data Protection Legislation informing such individuals that Customer Data relating to them shall be transferred to and retained by us. To ensure that our obligations under the Data Protection Legislation are complied with, you agree to allow us to approve and, if we deem necessary, amend any such consent or applicable privacy information.

You shall:

8.5.1 notify us immediately if you receive a complaint, notice or any other communication concerning your use of Customer Data; and

8.5.2 indemnify us fully on demand against all losses arising from any breach by you or third parties engaged by you of this clause 8.5 and/or as a result of any claim made or brought by an individual or other legal person in respect of any loss, damage or distress caused to them as a result of your breach of Data Protection Legislation.

We are entitled to appoint an auditor (whether internal or independent) to inspect your compliance with this agreement and the Data Protection Legislation at any time provided that we ensure that any such auditor: (i) has, in our view, the necessary professional qualifications to conduct such an audit; and (ii) is bound by a duty of confidentiality in relation to the Customer Data. You hereby agree that we may use and process all data as is referred to in this clause for our own business purposes, including but not limited to marketing, monitoring the growth and performance of your franchise and compliance with your obligations, comparing such data to that of other franchisees, advising you and other franchisees on improving your performance and business operations and to make all such data available to third parties selected by us.

Acting as our agent, if required by us, you shall on our behalf prepare and maintain a customer database (containing such information as we may specify) so that ownership of the customer database and the information in it (howsoever collected) belongs to us on the basis that we shall permit you to use the customer database for the purposes of this Agreement but for no other reason and you will at all times keep the customer database confidential

## **9. EXCLUSIVE RELATIONSHIP.**

9.1 You acknowledge and agree that we would be unable to protect Confidential Information against unauthorized use or disclosure or to encourage a free exchange of ideas and information among GDK Outlets if franchised owners of GDK Outlets were permitted to hold interests in or perform services for a Competitive Business (defined below). You also acknowledge that we have granted you the right to

operate your GDK Outlet in consideration of and reliance upon your agreement to deal exclusively with us. You agree that, during the term of this Agreement, neither you nor any of your owners (nor any of your or your owners' spouses or children) will:

- 9.1.1 have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business, wherever located; or
- 9.1.2 perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for a Competitive Business, wherever located, including but not limited to providing financial support for a Competitive Business.

The term “**Competitive Business**” as used in this Agreement means any business which produces, offers, sells, distributes or is otherwise involved in, the sale of kebabs or kebab-based products.

## **10. OPERATION AND SYSTEM STANDARDS.**

10.1 **System Standards Manual.** So long as you are not in breach of your obligations to us during the term of this Agreement, we will grant you access to our manual (the “**System Standards Manual**”), consisting of such materials (including, as applicable, audio, videos, electronic media, computer software and written materials) that we generally furnish to franchisees from time to time for use in operating a GDK Outlet. We may do so with print versions or electronically only. The System Standards Manual contains mandatory and suggested specifications, standards, operating procedures and rules (“**System Standards**”) that we prescribe from time to time for the operation of a GDK Outlet and information relating to your other obligations under this Agreement and related agreements. You agree to follow the standards, specifications and operating procedures we establish periodically for the GDK System that are described in the System Standards Manual. You also must comply with all updates and amendments to the GDK System as described in newsletters or notices we distribute, including via computer systems. Any such additions, deletions or changes will take precedence over all prior communications. Mandatory System Standards, specifications and operating procedures prescribed from time to time by us in the System Standards Manual, or otherwise communicated to you electronically or in printed form, are as enforceable by us as if they were set out in this Agreement.

You understand and acknowledge that we attach very great importance to maintaining the confidentiality of the information in the System Standards Manual. You must maintain the System Standards Manual as confidential and maintain the information in the System Standards Manual as secret and confidential. It is your sole responsibility to establish appropriate security procedures and comply with all policies and procedures which we may specify and you will establish other appropriate policies and procedures to maintain the confidentiality of the System Standards Manual. The System Standards Manual may be modified, updated and revised from time to time to reflect changes in System Standards.

At our option, we may post some or all of the System Standards Manual and/or other documentation and communication of standards, policies and procedures, on a restricted Website or extranet to which you will have access. “**Website**” means an interactive electronic document contained in a network of computers linked by communications software, including the internet and World Wide Web home pages). If we do so, you agree to monitor and access the Website or extranet for any updates to the System Standards Manual or System Standards. We, or our designee, will periodically notify you electronically about updates, changes, or deletions to the content posted on the restricted Website or extranet. We or they will not issue, nor will you receive, any updates, changes, or deletions to this content in hard copy form. Any passwords or other digital identifications necessary to access the System Standards Manual on a Website or extranet will be deemed to be part of Confidential Information.

You agree to keep your copy of the System Standards Manual full, complete and current and in a secure location at the Outlet. In the event of a dispute relating to its contents, the master copy of the System Standards Manual we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record or otherwise reproduce any part of the System Standards Manual. The System Standards

Manual and the information and data that it contains will at all times remain our sole and exclusive property and copyright in the System Standards Manual, as may be amended from time to time, shall be retained by us. In the event of a conflict between the provisions of the System Standards Manual and the provisions of this Agreement, this Agreement shall control.

**10.2 Compliance with System Standards.** You acknowledge and agree that your operation and maintenance of the Outlet in accordance with System Standards are essential to preserve the goodwill of the Intellectual Property and all GDK Outlets. Therefore, at all times during the term of this Agreement, you agree to operate and maintain the Outlet in accordance with all of our System Standards, however communicated to you. We may periodically change, modify and supplement System Standards. You shall make such changes, modifications and additions at your sole cost and expense even if you believe that a System Standard, as originally issued or subsequently modified, is not in the System's or the Outlet's best interest. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to, and responsibility for, the day-to-day management and operation of the Outlet and implementing and maintaining System Standards at the Outlet. As examples, System Standards may regulate any one or more of the following with respect to the Outlet:

- 10.2.1 design, layout, decor, appearance and lighting; periodic maintenance, cleaning and sanitation; periodic remodeling; replacement of obsolete or worn-out leasehold improvements, fixtures, furnishings, equipment and signs; periodic painting; and use of interior and exterior signs, emblems, lettering and logos, and illumination;
- 10.2.2 types, models and brands of required fixtures, furnishings, equipment, signs, software, materials and supplies;
- 10.2.3 required or authorized products and product categories including for all food and beverage items and portions devoted to each supplier of products and other merchandise for sale at the Outlet;
- 10.2.4 designated or approved suppliers (which may be limited to or include us) of fixtures, furnishings, equipment, signs, software, products, ingredients, packaging, materials and supplies including for all food and beverage items;
- 10.2.5 terms and conditions of the sale and delivery of, and terms and methods of payment for, products, materials, supplies and services, including direct labor, that you obtain from us, unaffiliated suppliers or others;
- 10.2.6 sales, marketing, advertising, customer service and promotional programs and materials and media used in such programs;
- 10.2.7 use and display of the Intellectual Property at the Outlet and on any paper and plastic products or supplies (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, worker eligibility, rates of pay and other benefits, work assigned, and working conditions);
- 10.2.8 staffing levels for the Outlet and matters relating to managing the Outlet; communication to us of the identities of the Outlet's personnel; and qualifications, training, dress and appearance of employees;
- 10.2.9 days and hours of operation of the Outlet;
- 10.2.10 participation in market research and testing and product and service development programs;
- 10.2.11 acceptance of credit and debit cards and other payment systems; and honoring and issuing gift certificates, coupons and gift cards, rewards and loyalty programs;

- 10.2.12 purchase, storage, preparation, handling and packaging procedures and techniques for Outlet materials, products and supplies; and inventory requirements for Outlet materials, products and supplies;
- 10.2.13 terms and conditions of the sale and delivery of, and terms and methods of payment for, products and services that you obtain from us and affiliated and unaffiliated suppliers, including your obligation to purchase and use, to the maximum extent possible; and our and our affiliates' right not to sell you any products or services or to do so only on a cash-on-delivery or other basis if you are in violation of or in default under any agreement with us; and
- 10.2.14 regulation of such other aspects of the operation and maintenance of the Outlet that we determine from time to time to be useful to preserve or enhance the efficient operation, image or goodwill of the Intellectual Property and GDK Outlets.

You agree that System Standards prescribed from time to time in the System Standards Manual or otherwise communicated to you in writing or other tangible form, constitute provisions of this Agreement as if fully set forth. All references to this Agreement include all System Standards as periodically modified.

### 10.3 **Capital Modifications.**

- 10.3.1 We may periodically modify System Standards, which may accommodate regional or local variations as we determine, and any such modifications may obligate you to invest additional capital in the Outlet (“**Capital Modifications**”) and/or incur higher operating costs. You must make the Capital Modifications within the time frame we require. Capital Modifications that require you to obtain additional or replace equipment or technology must be made immediately on notice. Capital Modifications that require substantial physical modifications to your Outlet will not be required: (i) during the first twelve (12) months after opening your Outlet (these would encompass items like new or replacement flooring; interior decor and color scheme (as opposed to upkeep)); exterior signage, furniture, or (ii) during the last year of the Term of this Agreement if you provide written notice to us of your intention not to enter into a Successor Franchise Agreement and the aggregate cost of such Capital Modifications during the final year of this Agreement exceeds ten thousand and no/100 dollars (\$10,000.00). Capital Modifications will not alter your fundamental status and rights under this Agreement. Capital Modifications are in addition to the costs you will incur to develop, open, repair, replace, maintain or refurbish your Outlet, equipment and fixtures from time to time. Capital Modifications do not include any expenditures you must, or choose to make, in order to comply with applicable laws, governmental rules or regulations (e.g., ADA compliance). In the event you fail to make Capital Modifications as herein required, you agree that we may enter the Premises and make the requisite Capital Modifications. You agree to reimburse us within ten (10) days of your receipt of an invoice from us for our costs and expenses associated with making Capital Modifications.
- 10.3.2 In addition to Capital Modifications you must make in connection with our modification to System Standards, you must refurbish your Outlet as follows:
  - (i) you will conduct a minor refurbishment of your Outlet (in accordance with our requirements) on or immediately prior to the third (3rd) and ninth (9th) anniversaries of the Effective Date, to include, as a minimum, the updating of the “front of house” area, fascia signage and equipment in accordance with our latest style,

designs and specifications to include snagging, paint refresh, repairs of equipment, fixtures and fittings; and

- (ii) you will conduct a full refurbishment of the Outlet (in accordance with our requirements) on or immediately prior to the sixth (6th) anniversary of the Effective Date to ensure compliance with our latest style, designs and specifications to include new outlet branding, equipment and layout as determined by us.

**10.4 Pricing.** We reserve the right, at any time and from time to time, to establish maximum, minimum, or other pricing requirements on prices that you may charge for products or services to the fullest extent allowed by applicable law, which may include regional, special venue or demographic variations.

**10.5 Interior and Exterior Upkeep.** You must at all times maintain the Outlet's interior and exterior and the surrounding area in "like new" condition with the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Outlet established in the System Standards Manual and by federal, state and local laws. You shall repair or replace equipment, fixtures and signage as necessary to comply with all health and safety standards and other System Standards we may establish in our sole discretion. You will not install or use at your Outlet any vending machines or other similar devices without our prior written approval, which may be withheld at our sole discretion.

**10.6 Hours of Operation.** You must operate the Outlet during the hours and on the days prescribed by us in the System Standards Manual or otherwise approved in advance in writing by us.

**10.7 Accounting, Computers and Records.** You must obtain your accounting services and any required hardware or software related to them in accordance with our System Standards, including, but not limited to, the electronic point-of-sale system and all equipment and arrangements necessary to use credit card issuers we designate ("**Computer System**"). You must at all times maintain the records reasonably specified in the System Standards Manual, including, without limitation, sales, inventory and expense information. You must report Gross Revenues and other business information to us using the format and reporting system that we require from time to time. You must provide your own internet service provider and maintain broadband connectivity throughout the Term of this Agreement. We reserve the right to designate a source from whom you must purchase or license all or some elements of the Computer System and software we require. You will comply with our requirements for use of the Computer System, which may include, among other things, connection to remote servers, off site electronic repositories, high speed internet connections, the establishment of one or more email accounts and entering into license agreements, "terms of use" agreements and software maintenance agreements. We may require you to obtain specified computer hardware or software and may modify specifications for and components of the Computer System from time to time. Our modifications and specifications for components of the Computer System may require you to incur costs to purchase, lease or license new or modified computer hardware or software and to obtain service and support for the Computer System during the term of this Agreement. You agree to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications). Within seven (7) days after you receive notice from us, you must obtain the components of the Computer System that we designate and require. The Computer System must be capable of connecting with our Computer System so that we can daily review the results of your Outlet's operations. We also have the right to charge you a reasonable systems fee for modifications of and enhancements made to any proprietary software that we license to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System. You will pay all fees imposed by us or any third party in connection with the Computer System we require.

**10.8 Trade Accounts and Taxes.** You must maintain your trade accounts in a current status and seek to resolve any disputes with trade suppliers promptly. You must timely pay all taxes incurred in connection with your Outlet's operations. If you fail to maintain your trade accounts in a current status, timely pay such taxes or any other amounts owing to any third parties or perform any non-monetary obligations to third parties, we may, but are not required to, pay any and all such amounts and perform such

obligations on your behalf. If we elect to do so, then you must reimburse us for such amounts. You agree to repay us immediately upon receipt of our invoice. We may also set-off the amount of any such reimbursement obligations against all amounts which we may owe you.

**10.9 Proprietary Materials.** You must purchase from us or approved manufacturers or suppliers all articles used in operating the Outlet and bearing any of the Intellectual Property. These items may include employee clothing (such as shirts, hats and aprons) proprietary packaging and menus (collectively, the “**Proprietary Materials**”), at then prevailing prices, plus freight, taxes and delivery costs.

**10.10 Designated Equipment and Outlet Materials.** You must acquire all supplies, materials, packaging and food and beverage products (including ingredients) for use in connection with your GDK Outlet (collectively, the “**Outlet Materials**”) and all fixtures, furnishings, equipment (signs, including cash registers, telecopiers and computer hardware and software) (the “**Designated Equipment**”) from us (or our affiliates), suppliers we have previously approved, or according to our standards and specifications. We will only approve suppliers whose Outlet Materials and Designated Equipment meet the quality standards that we establish from time to time. You will only place or display at the Premises (interior and exterior) such signs, emblems, lettering, logos and display materials that we periodically approve.

**10.11 Sourcing Restrictions.** We have developed or may develop standards and specifications for types, models and brands of required Designated Equipment and Outlet Materials. We reserve the right at any time and from time to time to approve specifications or suppliers and distributors of the above products that meet our reasonable standards and requirements, and work to designate mandatory suppliers and distributors of them (all of which may include us or our affiliates). If we do so, you agree to purchase only such products meeting those specifications, and, if we require it, only from distributors and other suppliers we have approved, including ourselves or our affiliates. We may designate a single distributor or supplier (collectively, “**Designated Supplier**”) for any product, service, equipment, supply or material and may approve a supplier or distributor only as to certain products. The Designated Supplier may be us, one of our affiliates, or a designated third party. You will pay all suppliers in accordance with their payment terms and will enter into such additional agreements (such as maintenance agreements) as we may reasonably require. For avoidance of doubt, supplier credit terms will be agreed on a per franchisee basis depending on the financial status of each franchisee. Unless we specify otherwise, you agree to purchase from us, our affiliate, or our Designated Suppliers, all Designated Equipment and Outlet Materials. We and our affiliates may receive payments from Designated Suppliers on account of such suppliers’ dealings with you and other franchise owners, and may use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We or our affiliates may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Our approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, regional capability, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria, and may be temporary pending our continued evaluation of the supplier or distributor from time to time. You consent to vendors providing us with information on your payment and account status, as well as access to copies of orders, shipments, deliveries and payment information. Upon our request, you will provide to us, not more frequently than monthly, in such format and by such means as we may from time to time specify, information about your purchases of Designated Equipment and Outlet Materials.

**10.12 Approved Products.** You must not sell any food or beverage products or other items at the Outlet that we have not previously approved for sale. You must only use and display menus that have been prescribed or approved (except for prices) in advance by us. You must sell all the food and beverage products that are included on the prescribed or approved menus, and no others. We may be the sole supplier of certain proprietary food products. We may negotiate group or volume purchasing arrangements with approved suppliers. We will be entitled to all rebates, bonuses and promotional benefits associated with those programs. You must strictly follow all of our recipes for all menu items as such recipes are specified from time to time in the System Standards Manual or otherwise. You must not, without our prior written

consent, sell, dispense, give away or otherwise provide food or beverage products or other products or items except by means of retail sales or complimentary meals to employees or customers at the Outlet, or a program of charitable giving. You must immediately implement changes to the products, food, service or other items requested by us, including menu changes. You must maintain an inventory of food and beverage products sufficient to meet the daily demands of the Outlet for all items specified in the menus. Any and all recipes or menu changes submitted by you for inclusion on the menus will become our property and you agree to sign all documents necessary to convey all rights and title, including all rights in such recipes to us.

**10.13 Management.** Your Outlet must be personally managed on a full-time basis by you or, if you are a Business Entity, an owner or Outlet Manager who has been approved by us, has successfully completed mandatory training and has met the standards specified by us (which for the avoidance of doubt shall include minimum levels of experience in the operation of food retail outlets as well as minimum qualifications in food safety and hygiene and any other qualifications as we may require). In the event that you are not able to source a suitable Outlet Manager who meets the criteria which we require, we may (but shall not be obliged to) offer assistance with the recruitment of such an Outlet Manager. Such assistance may include appointing an external recruitment agency to recruit a suitable Outlet Manager and the costs of such recruitment agency shall be met by you. Notwithstanding the foregoing and for the avoidance of doubt, the decision whether to employ any candidate referred by any recruitment agency shall be yours alone.

**10.14 Personnel.** You must hire, train, and supervise honest, reliable, competent and courteous personnel for the operation of your Outlet. You must pay all wages, commissions, fringe benefits, worker's compensation premiums and payroll taxes (and other withholdings required by law) due for your personnel. All personnel at your Outlet will be employees of yours and not of ours. You must ensure that a sufficient number of trained employees are available to meet the operational standards and requirements of your Outlet at all times. You must ensure that your employees perform their duties in compliance with the terms of the System Standards Manual and any other materials applicable to employees that we communicate to you, including, but not limited to wearing the uniforms we specify, maintaining a neat and clean appearance, and conducting themselves in a courteous and helpful manner toward customers and prospective customers. You may only give your employees the minimum amount of information and material from the System Standards Manual that is necessary to enable them to perform their assigned tasks. You must ensure that your employees do not make or retain any copies of the System Standards Manual or any portion thereof. You will cause your personnel to enter into such contracts as we may specify so as to protect our goodwill and Confidential Information and ensure the terms of such agreements are enforced by you. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. We also do not control the hiring or firing of your employees.

**10.15 Compliance with Laws, Good Business Practices, Abandonment.**

10.15.1 You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Outlet and must operate the Outlet in full compliance with all applicable laws, ordinances and regulations, including government regulations relating to privacy laws and regulations, occupational hazards, health, environment, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes.

10.15.2 All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Intellectual Property, the System, and other GDK Outlets.

- 10.15.3 The Outlet must in all dealings with its customers, suppliers, us and the public adhere to the highest standards of honesty, integrity, timeliness, respect, fair dealing and ethical conduct.
- 10.15.4 You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of the Outlet and of any notice of violation of any law, ordinance, or regulation relating to the Outlet.
- 10.15.5 You must immediately notify us prior to any period during which you will not operate the Outlet for any reason and submit a plan for re-starting your Outlet. All your financial obligations to us or to any affiliate (including the payment of Royalty and Marketing Fund Fees) will remain in effect during such non-operational period. Any period of non-operation which is not authorized by us will be a breach of this Agreement. During any period when your Outlet is not operational, which we have not authorized, you will pay us on such dates as we may specify until the Outlet starts to operate again or this Agreement expires (whichever occurs first), such fee as we shall specify but which will not be more than: (i) the average Royalty and Marketing Fund Fee calculated for a month payable by all our franchisees as notified to you after we become aware of your Outlet ceasing to operate, or (ii) your average Royalty and Marketing Fund Fee in the three (3) months prior to closure, calculated for each such month, whichever is greater. If such abandonment arises from your unlawful termination of this Agreement you will, in addition, pay us such sum as we reasonably consider to be our costs relating to the abandonment of your Outlet.

10.16 **Insurance.** During the Term, you must maintain in force, at your sole expense, comprehensive public liability, general liability, product liability and motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Outlet's operation. All such insurance must contain the minimum liability coverage (on an occurrence and aggregate basis) we prescribe from time to time. Such insurance coverage may specifically include auto insurance on any vehicles that you may acquire for promotional events, residential, institutional or commercial deliveries, or other business activities in connection with the Outlet. You must also maintain in force insurance covering: employee dishonesty; money and securities; and business interruption. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurers must meet with our approval including meeting our required minimum ratings from the rating agency we designate. These insurance policies must name us and any affiliates we designate as additional named insureds and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. You routinely must furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the Outlet on your behalf, in which event you will cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance.

10.17 **E-Commerce.** You will participate in our website, mobile application and social media accounts on the terms specified by us for the benefit of the GDK System. You will pay to us the E-Commerce Fee in accordance with the terms of clause 5.4. The E-Commerce Fee will be used by us to cover costs and expenses relating to the GDK mobile application and website including but not limited to: (i) development, maintenance, support, hosting and any other applicable services relating to such assets; (ii) merchant data costs and banking fees incurred as a result of processing the e-commerce transactions on behalf of franchisees;

and (iii) research and development of the GDK mobile application and/or website. For the avoidance of doubt the E-Commerce Fee shall not include the costs of any services provided by us solely for an individual franchisee's benefit or as expressly requested by an individual franchisee. Further, merchant fees, credit card charges and any chargebacks from banks in relation to fraudulent transactions are not covered by the E-Commerce Fee and will be payable by each franchisee.

10.18 **Delivery.** For the purposes of this agreement, a “delivery aggregator, or third-party delivery provider, or 3PD provider” (hereinafter referred to as “**Aggregators**”) means a business that enables customers to place orders for products through an online portal, mobile application or other means, or provides any similar or related services such as delivery or “click and collect” services. You are required to use the services of such delivery aggregator(s) as specified in the System Standards Manual in respect of Products to be supplied from the Outlet. You shall provide to us such delivery aggregator information (meaning any and all data arising out of the use by you of services provided by delivery aggregators) as we may require from time to time. For the avoidance of doubt, we shall be entitled to contact delivery aggregators directly and receive such delivery aggregator information directly from them. We reserve the right to require you to operate your own delivery fleet of Vehicles for the provision of a delivery service from the Outlet.

## 11. **MARKETING AND PROMOTION.**

11.01 **Establishment of Marketing Fund.** We have established a Marketing Fund (the “**Marketing Fund**”) for such advertising, marketing and public relations programs and materials on a system-wide basis that we deem necessary or appropriate in our sole discretion. You agree to contribute to the Marketing Fund such amounts that we prescribe from time to time (the “**Marketing Fund Fees**”) payable in the same manner as the Royalty. We reserve the right to defer or reduce contributions of a GDK Outlet franchisee and, upon thirty (30) days prior written notice to you, to reduce or suspend contributions to and operations of the Marketing Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Marketing Fund. If the Marketing Fund is terminated, all unspent monies on the date of termination will be distributed to our franchisees in proportion to their respective contributions to the Marketing Fund during the preceding twelve (12) calendar months. Our affiliates will contribute to the Marketing Fund on the same basis as franchise owners for any GDK Outlets they own and operate.

11.02 **Use of the Funds.** We direct all programs financed by the Marketing Fund, with sole control over the creative concepts, materials and endorsements, and the geographic, market and media placement and allocation. You agree that the Marketing Fund may be used to pay the costs of preparing and producing video, audio and written and digital advertising materials; developing, enhancing and maintaining an electronic commerce web presence, including for online ordering; menu layout and design; administering system-wide regional and multi-regional advertising programs, including, without limitation, purchasing direct mail, internet, social media and other media advertising and employing advertising, promotion and marketing agencies; marketing and advertising training programs and materials; paying such reasonable salaries, administrative costs, travel expenses and overhead of GDK’s marketing team, including rent and utilities, as we may incur in activities related to the administration of the Marketing Fund and its programs, including, without limitation, conducting market research, preparing advertising, promotion and marketing materials and collecting and accounting for contributions to the Marketing Fund; and supporting public relations, market research and other advertising, promotion and marketing activities. We maintain ownership of all market research, designs, copyrights, and other data, materials and property financed through the Marketing Fund. The Marketing Fund periodically will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies and individual requests of such materials will be furnished to you at our direct cost of producing them, plus any related shipping, handling and storage charges.

11.03 **Accounting for the Fund.** The Marketing Fund will not be our asset. Although the Marketing Fund is not a trust, we will hold all Marketing Fund Fees for the benefit of the contributors and use Marketing Fund Fees only for the purposes described in this section of this Agreement. We do not owe any fiduciary obligation to you for administering the Marketing Fund or for any other reason. The

Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except (as stated in clause 11.2) for such reasonable salaries, administrative costs, travel expenses and overhead of our marketing team. No money will be spent by the Marketing Fund to primarily solicit new franchisees. Some media placement may advertise that franchises are available to be purchased, but it will be done in conjunction with the program of the GDK brand. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs before other assets of the Marketing Fund are expended. We may spend, on behalf of the Marketing Fund, in any fiscal year an amount greater or less than the aggregate contribution of all GDK Outlets to the Marketing Fund in that year. The Marketing Fund may borrow from us or others to cover deficits or invest any surplus for future use. If we lend money to the Marketing Fund, we may charge interest at an annual rate 1% greater than the rates we pay our lenders. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and furnish the statement to you upon written request. We have the right to cause the Marketing Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified in this Agreement.

**11.04 Marketing Fund Limitations.** You acknowledge that the Marketing Fund is intended to maximize recognition of the Intellectual Property and patronage of GDK Outlets. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all GDK Outlets, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by GDK Outlets operating in that geographic area or that any GDK Outlet will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in this section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Marketing Fund.

**11.05 Deposits.** We have the right to collect for deposit into the Marketing Fund any advertising, marketing or similar allowances paid to us by suppliers who deal with GDK Outlets and with whom we have agreed that we will so deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which we and our affiliates, therefore, may use for any purposes we and they deem appropriate. We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Fees at the Marketing Fund's expense. We also may forgive, waive, settle and compromise all claims by or against the Marketing Fund. Except as expressly provided in this subsection, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing or administering the Marketing Fund.

**11.06 Your Advertising, Marketing and Promotion.** Your marketing and advertising must be in good taste and conform to all marketing guidelines set out in the System Standards Manual including all ethical and legal standards. You agree not to use any materials or programs of which we reject at any time and you must use all materials and programs designated by us as mandatory. You will ensure that all advertising and all activities aimed at actively seeking customers for your Outlet that you undertake is aimed principally at potential customers in your Protected Territory. You must actively promote and advertise your Outlet in your Protected Territory and, subject to clause 11.9 below, you must provide sufficient evidence to us that you have incurred expenditure for such purposes of not less than two per cent (2%) of your Outlet's Gross Revenues in each twelve (12) month period. If you fail to incur such expenditure the shortfall must immediately be paid to us and we will undertake such promotional activities and advertising in your Protected Territory.

**11.07 Customer Satisfaction, Quality Controls.** We may institute various programs for auditing customer satisfaction and/or other quality control measures. You agree to request your customers to participate in any surveys performed by or on behalf of us, using forms prescribed by us from time to time. You will be responsible for all costs and expenses associated with the surveys you conduct.

**11.08 Participation in Marketing and Delivery Programs.** You agree to participate in all marketing, delivery and promotional programs which, in our business judgment, will benefit our franchisees and the System including, but not limited to, participating the activities set out on our marketing calendar and in any home delivery service as we may require. The Marketing Fund may furnish you with marketing, advertising and promotional materials and we can require that you pay the cost of producing and distributing such materials in addition to your Marketing Fund Fee.

**11.09 Cooperative Participation and Contributions.** We reserve the right to require you to participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by us and in conjunction with other local franchisees. In addition to the Marketing Fund Fees payable by you to the Marketing Fund, you agree to pay any additional contributions required in relation to your participation in any local and regional advertising cooperatives. You will not, however, be required to contribute more than an additional two per cent (2%) of your Gross Revenues for advertising and promotion in connection with these cooperatives. The Brand Owner shall have no obligation to contribute or match any amounts paid by you in relation to advertising cooperative funding. You also acknowledge and accept that, from time to time, some individual franchisees may benefit more than others from these activities. The cooperative will adopt its own rules, regulations and procedures, which you must follow. However, the rules, regulations and procedures of the cooperative and any related agreements, as well as any changes or additions to them, are subject to our approval. All advertising utilized by the Cooperative must not be used unless and until we have reviewed and approved it. We also have the right to participate in any meetings of the cooperative and its members. Your failure to timely contribute the amounts required by the cooperative constitutes a material breach of the provisions of this Agreement and we may offset against any amounts we owe to you the amount of your cooperative contributions and pay such contributions for you. In the event that you participate in such an a cooperative, the requirement to spend at least 2% of your Gross Revenues on local marketing activities (as set out in clause 11.6) shall not apply.

## **12. RECORDS, REPORTS AND FINANCIAL STATEMENTS.**

**12.01 Accounting System.** You must obtain your accounting services and any required hardware or software related to them in accordance with policies, systems and sources that we designate. You must at all times maintain the records reasonably specified in the System Standards Manual, including, without limitation, sales, inventory and expense information.

12.01.1 You must report Gross Revenues and other business information to us using the format that we require from time to time. You must deliver to us the financial and operating reports in the form, manner, content and time we specify from time to time, including via access to your Computer System. You will update all information in your Computer System as often as we designate, which may be at least daily, including but not limited to revenues, expenditures and other pertinent data.

12.01.2 You will make available for our review and inspection during normal business hours all original books and records that we want to ascertain and verify financial statements or reports. You will maintain all of your books and records in accordance with generally accepted accounting principles. You will maintain and preserve such records during the entire Term and for seven (7) years following expiration or termination of this Agreement. Such records include deposit reports and receipts, cash receipts journal, general ledgers, cash disbursement journals, weekly payroll registers, monthly bank statements, supplier invoices (paid and unpaid), accounts payable journals, balance sheets, profit and loss statements, inventory records, records of wholesale accounts and such other records as we may require.

12.01.3 We may use the information obtained, including, but not limited to, your name, any address and/or phone number(s), revenues, expenses, results of operations and/or other information, as we deem appropriate in our business judgment.

12.01.4 We may require you to use approved computer hardware and software in order to maintain the Computer System and other communication processes. If we determine that you or your accounting firm are not maintaining your statements, records and reports on a satisfactory basis, or not timely providing reports to us, we may require you to utilize accounting firms and services that we designate, at your expense. We will only require you to use designated accounting service providers if we are not satisfied with your performance of your accounting and recordkeeping obligations, and we will only designate accounting service providers that demonstrate to our satisfaction that they are capable of assisting you to meet those requirements.

12.02 **Reports.** You agree to furnish to us on such forms that we prescribe from time to time:

12.02.1 within five (5) days after their filing, copies of all sales tax returns for the Outlet and, as soon as you have received them, copies of the canceled checks for the required sales taxes;

12.02.2 within five (5) days of the end of each week, a report on the Outlet's Gross Revenues for during the preceding calendar week and, within five (5) days of the end of each month a report on the Outlet's Gross Revenues during the preceding calendar month;

12.02.3 when requested, a profit and loss statement and cash flow statement for the Outlet showing such detail as we may require;

12.02.4 within ninety (90) days after the end of the Outlet's fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for the Outlet as of the end of such fiscal year;

12.02.5 within ten (10) days after our request, exact copies of federal and state income and other tax returns and such other forms, records, books and other information we may periodically require; and

12.02.6 within sixty (60) days of the opening of the Outlet, provide a report to us (in such format as we may specify) on the capital expenditure incurred by you in the opening and launch of your Outlet.

12.03 **Access to Information.** You agree to verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data derived from such reports. We also have the right to require you to have reviewed or audited financial statements prepared on an annual basis. Moreover, we have the right as often as we deem appropriate (including on a daily basis) to access all computer registers and other computer systems that you are required to maintain in connection with the operation of the Outlet and to retrieve all information relating to the Outlet's operations.

12.04 **Copies of Reports.** You agree to cause your accountant or tax preparer to send all tax returns he prepares for you directly to the proper taxing authority. Simultaneous with their filing, you agree to cause your tax preparer or accountant to furnish us directly, with a copy of all sales, income and other tax returns relating to your GDK Outlet. You must also send us copies of any sales or other reports sent to any landlord or governmental agency.

12.05 **Further Requirements.** You will:

12.05.1 allow us to use estimated Gross Revenue figures for the purposes of calculating any payments due to us if you fail or delay in providing the same, such figures to be

estimated by us on such reasonable basis as we consider appropriate, subject to agreeing a reconciliation as soon as actual Gross Revenue figures are available and immediately paying any over payment or under payment to the party due such payment;

- 12.05.2 provide us with a business plan in draft form including operating budget and sales forecast together with an explanation of how these will be achieved at least two (2) Months prior to each anniversary of the Commencement Date for our review. We may suggest amendments although the business plan represents your best estimate of the likely outcome of the Outlet;
- 12.05.3 irrevocably permit us a to show prospective purchasers of franchises all financial and operational figures relating to your Outlet which are in our possession; and
- 12.05.4 comply with the terms of this Section 12 after termination of this Agreement in so far as required by us to establish your financial and accounting position and sums due to us during the term of this Agreement.

### **13. INSPECTIONS AND AUDITS.**

**13.01 Our Right to Inspect the Outlet.** To determine whether you and the Outlet are complying with this Agreement and all System Standards, we and our designated agents have the right at any time during your regular business hours, and without prior notice to you, to:

- 13.01.1 inspect the Outlet and related activities and items;
- 13.01.2 observe, photograph and video record the operations of the Outlet for such consecutive or intermittent periods as we deem necessary;
- 13.01.3 remove samples of any products, materials or supplies for testing and analysis;
- 13.01.4 interview personnel and customers of the Outlet;
- 13.01.5 inspect and copy any books, records and documents relating to your operation of the Outlet; and
- 13.01.6 review how you provide products and services to customers.

You agree to cooperate with us fully in connection with any such inspections, observations, photographing, video recording, product removal and interviews. You agree to present to your customers such evaluation forms that we periodically prescribe and to participate and/or request your customers to participate in any surveys performed by us or on our behalf. You must immediately correct or repair any unsatisfactory conditions we specify.

**13.02 Our Right to Audit.** We have the right at any time during your business hours, and without prior notice to you, to inspect and audit, or cause to be inspected and audited, your (if you are a Business Entity) and the Outlet's business, bookkeeping and accounting records, sales and income tax records and returns and other records. You agree to cooperate fully with our representatives and independent accountants we hire to conduct any such inspection or audit. If our inspection or audit is made necessary by your failure to furnish reports, supporting records or other information we require, or to furnish such items on a timely basis, or if the information is not accurate (i.e., your Gross Revenues are understated by 5% or more, Royalties are underpaid by 5% or more), you agree to reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board and compensation of our employees. You also must immediately pay us any shortfall in the amounts you owe us, including late fees and interest. The foregoing remedies are in addition to our other remedies and rights under this Agreement and applicable law.

### **14. TRANSFER.**

**14.01 By Us.** This Agreement is fully transferable by us and will inure to the benefit of any transferee or other legal successor to our interests. We may, on a permanent or temporary basis, delegate any or all of our duties to another business entity to perform.

**14.02 By You.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the Franchise to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in it) nor any ownership or other interest in you or the Outlet may be transferred without our prior written approval. Any transfer without such approval constitutes a breach of this Agreement and is void and of no effect. As used in this Agreement, the term "**transfer**" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement; (b) you; or (c) the Outlet.

An assignment, sale, gift or other disposition includes the following events:

- (a) transfer of ownership of 10% capital stock or a partnership interest;
- (b) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (c) any issuance or sale of your stock or any security convertible to your stock;
- (d) transfer of an interest in you, this Agreement or the Outlet in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (e) transfer of an interest in you, this Agreement or the Outlet, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession;
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security, foreclosure upon the Outlet or your transfer, surrender or loss of possession, control or management of the Outlet; or
- (g) dispose of a substantial proportion of the assets of your Outlet.

**14.03 Conditions for Approval of Transfer.** If you (and your owners) are in full compliance with this Agreement, then subject to the other provisions of this Section, we will approve a transfer that meets all the applicable requirements of this Section. The proposed transferee and its direct and indirect owners must be individuals of good character and otherwise meet our then applicable standards for GDK Outlet franchisees. A transfer of ownership, possession or control of the Outlet may be made only in conjunction with a transfer of this Agreement. If the transfer is of this Agreement or a controlling interest in you, or is one of a series of transfers which in the aggregate constitute the transfer of this Agreement or a controlling interest in you, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

- 14.03.1 the transferee has sufficient business experience, aptitude and financial resources to operate the Outlet;
- 14.03.2 you have paid all Royalties, Marketing Fund Fees, amounts owed for purchases from us and all other amounts owed to us or to third-party creditors and have submitted all required reports and statements;
- 14.03.3 the transferee (or its owners) have agreed to complete our standard training program, at their expense;
- 14.03.4 the transferee and its owners must execute our then-current form of franchise agreement and ancillary documents (including guarantees) as are then customarily required by us on the grant of franchises, provided however, that (with the

exclusion of the obligation to provide Initial Training) we will not be required to comply with any initial obligations; the term of such new franchise agreement shall be for the full term generally awarded to new franchisees as at the time of the transfer or the unexpired residue of the lease, whichever is the shorter;

- 14.03.5 the transferee agrees to upgrade the Outlet to conform to our then-current standards and specifications;
- 14.03.6 you or the transferee pay us a transfer fee equal to 5% of the sale price of the Outlet. For the avoidance of doubt, in the case of a share sale, the sale price shall mean the total enterprise value of the Outlet. In the event of a sale of the business and assets, the sale price shall mean the purchase consideration, including any deferred consideration and the value of any non-monetary consideration. The value of any non-monetary consideration will be estimated by us at our sole discretion;
- 14.03.7 you (and your transferring owners) have signed a General Release;
- 14.03.8 we have approved the material terms and conditions of such transfer and determined that the price and terms of payment will not adversely affect the transferee's operation of the Outlet;
- 14.03.9 if you or your owners finance any part of the sale price of the transferred interest, you and/or your owners have agreed that all of the transferee's obligations pursuant to any promissory notes, agreements or security interests that you or your owners have reserved in the Outlet are subordinate to the transferee's obligation to pay Royalties, Marketing Fund Fees and other amounts due to us and otherwise to comply with this Agreement;
- 14.03.10 you and your transferring owners (and your and your owners' spouses and children) have signed a non-competition covenant in favor of us and the transferee agreeing to be bound, commencing on the effective date of the transfer, by the restrictions contained in this Agreement; and
- 14.03.11 you and your transferring owners have agreed that you and they will not directly or indirectly at any time or in any manner (except with respect to other GDK Outlets you own and operate) identify yourself or themselves or any business as a current or former GDK Outlet, or as one of our licensees or franchisees, use any Mark, any colorable imitation of a Mark, or other indicia of a GDK Outlet in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that suggests or indicates a connection or association with us.

#### **14.04 Additional Conditions.**

- 14.04.1 We can withhold or give our consent to any transfer and if we consent, we may make such consent subject to conditions if we believe that the terms of transfer jeopardize the economic viability of your business after a transfer or based on other circumstances of the transfer, and/or if we would not normally directly award a franchise in such a situation;
- 14.04.2 You agree that we can (but are not required to) discuss with you and/or the proposed transferee any matters related to any transfer and/or the proposed transfer (including our opinion of the terms of sale and/or performance of your franchise) at any time which we consider to be appropriate without liability. You expressly consent to any such discussions by us; and
- 14.04.3 Neither you nor any transferee will rely upon us to assist in the evaluation of the terms of any proposed transfer. You acknowledge and agree that an approval of a

proposed transfer will not be deemed to be an approval of the terms, nor any indication as to any likelihood of success or economic viability.

**14.05 Transfer to a Business Entity.** If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the Outlet and, if applicable, other GDK Outlets so long as you own, control and have the right to vote 51% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner sign an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

**14.06 Transfer Upon Death or Disability.** Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, we may require you (or such owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in this Agreement (or such owner's interest in you) to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed within the time we designate, not less than one (1) month but not more than six (6) months from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the Outlet.

**14.07 Operation Upon Death or Disability.** If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the Outlet is not being managed by a trained manager, your or such owner's executor, administrator, conservator, guardian or other personal representative must within a reasonable time, not to exceed sixty (60) days from the date of death or disability, appoint a manager to operate the Outlet. Such manager will be required to complete training at your expense. Pending the appointment of a manager as provided above or if, in our judgment, the Outlet is not being managed properly any time after your death or disability or after the death or disability of the owner of a controlling interest in you, we have the right, but not the obligation, to appoint a manager for the Outlet. All funds from the operation of the Outlet during the management by our appointed manager will be kept in a separate account, and all expenses of the Outlet, including compensation, other costs and travel and living expenses of our manager, will be charged to this account. We also have the right to charge a reasonable management fee (in addition to the Royalty and Marketing Fund Fee payable under this Agreement) during the period that our appointed manager manages the Outlet. Operation of the Outlet during any such period will be on your behalf, provided that we only have a duty to utilize our best efforts and will not be liable to you or your owners for any debts, losses or obligations incurred by the Outlet or to any of your creditors for any products, materials, supplies or services the Outlet purchases during any period it is managed by our appointed manager.

**14.08 Effect of Consent to Transfer.** Our consent to a transfer is not a waiver of any claims we may have against you, and you are not relieved of any obligations to us or any of our affiliates. We will have no liability to you or any proposed or actual transferee in connection with our examination and/or possible consent or withholding of consent involving any transfer or proposed transfer, or our exercise of any right of ours, which is consistent with this Agreement.

**14.09 Our Right of First Refusal.** If you (or any of your owners) at any time determine to sell, assign or transfer for consideration an interest in this Agreement and the Outlet or an ownership interest in you, you (or such owner) agree to obtain a bona fide, executed written offer and earnest money deposit (in the amount of five percent (5%) or more of the offering price) from a responsible and fully disclosed offeror (including lists of the owners of record and all beneficial owners of any corporate or limited liability company offeror and all general and limited partners of any partnership offeror and, in the case of a publicly-held corporation or limited partnership, copies of the most current annual and quarterly reports and Form 10K) and within five (5) days of receipt submit to us a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be denominated in a dollar amount and must not include any value attributable to the goodwill of the GDK System. The offer must apply only to an interest in you or in this Agreement and the Outlet and may not include an offer to purchase any of your (or your owners') other property or rights. However, if the offeror proposes to buy any other property or rights from you (or your owners) under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to us, and the price and terms of purchase offered to you (or your owners) for the interest in you or in this Agreement and the Outlet must reflect the bona fide price offered and not reflect any value for any other property or rights.

We have the right, exercisable by written notice delivered to you or your selling owner(s) within thirty (30) days from the date of the delivery to us of both an exact copy of such offer and all other information we request, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:

- 14.09.1 we may substitute cash for any form of payment proposed in such offer (with a discounted amount if an interest rate will be charged on any deferred payments);
- 14.09.2 our credit will be deemed equal to the credit of any proposed purchaser;
- 14.09.3 we will have not less than thirty (30) days after giving notice of our election to purchase to prepare for closing; and
- 14.09.4 we are entitled to receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable, including, without limitation, representations and warranties as to:
  - 14.09.4.1 ownership and condition of and title to stock or other forms of ownership interest and/or assets;
  - 14.09.4.2 liens and encumbrances relating to the stock or other ownership interest and/or assets; and
  - 14.09.4.3 validity of contracts and the liabilities, contingent or otherwise, of the corporation whose stock is being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that you and they will be bound by the noncompetition covenant contained this Agreement. You and your selling owner(s) further agree that you and they will, during this same time period, abide by the restrictions of this Agreement.

If we do not exercise our right of first refusal, you or your owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer, provided that, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the sale (which you agree promptly to communicate to us), we will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period or notice to us of the material change(s) in the terms of the sale, either on the terms originally offered or the modified terms, at our option.

## **15. SUCCESSOR TERM.**

**15.01 Acquisition.** Upon expiration of this Agreement, subject to the conditions of this Section, you will have the right to acquire one successor franchise to operate the GDK Outlet for an additional ten (10) year period only, on the terms and conditions of the franchise agreement we are then using in granting franchises for GDK Outlets, if:

- 15.01.1 You maintain possession of and agree to remodel and/or expand the Outlet, add or replace improvements, equipment and signs and otherwise modify the Outlet as we require to bring it into compliance with specifications and standards then applicable for GDK Outlets; or, if you are unable to maintain possession of the Premises, or if in our judgment the Outlet should be relocated, you secure substitute premises we approve, develop such premises in compliance with specifications and standards then applicable for GDK Outlets and continue to operate the Outlet at the Premises until operations are transferred to the substitute premises;
- 15.01.2 No breach of this Agreement, which would have entitled us to terminate this Agreement, has occurred and no breach of any provision of this Agreement shall be unremedied at the time of your notice or the agreement date of the successor franchise agreement;
- 15.01.3 Your Outlet and its operations must fully comply with all specifications and standards then-applicable for new outlets and with the System Standards Manual by the expiration of this Agreement;
- 15.01.4 You (and each affiliate of yours) must have paid all amounts owed to us, any of our affiliates and/or the Marketing Fund;
- 15.01.5 You have performed your obligations under this Agreement to our reasonable satisfaction and your Outlet is not in the bottom 10% in respect of the specified performance or financial standards as may be set out in the System Standards Manual;
- 15.01.6 You must have executed our then-current form of franchise agreement and related documents then customarily used by us (with appropriate modifications to reflect the fact that the franchise agreement to be awarded relates to a successor franchise as contemplated by this Agreement). Our then current form of franchise agreement will contain different terms to those in this Agreement but the changes will not be such that it would be commercially impossible for you to operate your Outlet. We will not be required to provide you any site location, Initial Training or other “start-up” services in connection with the award of any successor franchise;
- 15.01.7 You must have complied with our then-current training requirements. We can require your personnel and, if you are a Business Entity, your owner, to successfully complete any retraining program(s), at such times and locations as we then specify. There may be a charge for any retraining program(s), and you will be responsible for all travel, meals, lodging and other expenses of your personnel;
- 15.01.8 You will, if so required by us, agree to adopt such of the procedures and actions of our top quartile franchisees, as we may specify, if we reasonably believe that to do so would benefit your Outlet;
- 15.01.9 You and if you are a Business Entity, each owner of yours must have executed a General Release, except for any claims exclusively related to the successor franchise;
- 15.01.10 You must have paid a Successor Franchise Fee in the amount of 50% of our then-current Initial Franchise Fee (“**Successor Franchise Fee**”); and

- 15.01.11 You will have undertaken a full refurbishment of the Outlet (in accordance with our requirements) to ensure compliance with our latest style, designs and specifications to include new outlet branding, equipment and layout as determined by us.

Failure by you and/or your Owners to complete such requirements in accordance with the timeline specified by us, in our sole discretion, will be deemed a decision by you not to obtain the successor franchise. If you continue to operate your Outlet after the expiration of the term of this Agreement and have not entered into a successor franchise agreement you will be bound by the terms of this Agreement subject to either party being entitled to give the other one (1) months' notice of termination at any time and, for the avoidance of doubt, the post termination non-compete covenants will apply from the date of expiration of the one (1) month's notice or such earlier date as we may specify.

**15.02 Grant.** You must give us written notice of your election to acquire a successor franchise not more than nine (9) months, but not less than six (6) months before the expiration of the Term of this Agreement. It is your responsibility to monitor these time limits because we will not notify you. We will respond ("Response Notice"), within ninety (90) days after we receive your notice, of our decision, either:

- 15.02.1 to grant you a successor franchise;
- 15.02.2 to grant you a successor franchise on the condition that deficiencies of the Outlet, or in your operation of the Outlet, are corrected; or
- 15.02.3 not to grant you a successor franchise based on our sole business judgment, that you and your owners have not substantially complied with this Agreement during its Term.

If applicable, our Response Notice will:

- (a) describe the remodeling and/or expansion of the Outlet and other improvements or modifications required to bring the Outlet into compliance with then applicable specifications and standards for GDK Outlets; and
- (b) state the actions you must take to correct operating deficiencies and the time period in which such deficiencies must be corrected.

If we elect not to grant a successor franchise, the Response Notice will describe the reasons for our decision. Your right to acquire a successor franchise is subject to your continued compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in the Response Notice. If we fail to send you a Response Notice within such ninety (90) day period, your request for a successor franchise shall be deemed rejected.

In our discretion, we may extend the Term of this Agreement for such period of time as we deem necessary in order to provide you with either reasonable time to correct deficiencies or ninety (90) days' notice of our refusal to grant a successor franchise.

**15.03 Subsequent Successor Franchises.** You are only entitled to one successor franchise term (as described above).

**15.04 Reasonable Terms.** You agree that the provisions of this Section 15 are commercially reasonable because commercial and other developments may make further participation in franchising by you or us inappropriate. You understand and acknowledge that both you and we have the option not to proceed with a successor franchise.

## 16. TERMINATION OF AGREEMENT.

**16.01 On Notice.** We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- 16.01.1 you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of the Franchise;
- 16.01.2 you fail to begin operating the Outlet within six (6) months of the Effective Date,
- 16.01.3 you either fail to identify a location that we have approved for the Premises or you have not obtained a fully signed lease agreement that we have approved in writing for the Premises, in each case within ninety (90) days of the Effective Date;
- 16.01.4 your, or your owners, failure to successfully complete initial or any other training to our satisfaction (and have failed to successfully complete any retraining undertaken at your additional cost);
- 16.01.5 you abandon or fail to actively operate the Outlet for seven (7) or more consecutive business days, unless the Outlet has been closed for a purpose we have approved or because of casualty or government order;
- 16.01.6 you surrender or transfer control of the operation of the Outlet without our prior written consent;
- 16.01.7 you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;
- 16.01.8 you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the Outlet or another GDK Outlets or the goodwill associated with the Intellectual Property;
- 16.01.9 you understate Gross Revenues by 5% or more;
- 16.01.10 you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you or the Outlet;
- 16.01.11 in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement;
- 16.01.12 you lose the right to possession of the Premises;
- 16.01.13 you (or any of your owners) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of the System Standards Manual in violation of this Agreement;
- 16.01.14 you violate any health, safety or sanitation law, ordinance or regulation and do not begin to cure the noncompliance or violation immediately, and correct such noncompliance or violation within twenty-four (24) hours, after written notice is delivered to you;
- 16.01.15 you fail to make payments of any amounts due to us and do not correct such failure within thirty (30) days after written notice of such failure is delivered to you;
- 16.01.16 you fail to pay when due any federal or state income, service, sales or other taxes due on the operations of the Outlet, unless you are in good faith contesting your liability for such taxes;
- 16.01.17 you fail to obtain any prior written approval or consent expressly required by this Agreement which, in our opinion, is material to the efficient operation of your Outlet;

- 16.01.18 you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to you;
- 16.01.19 you (or any of your owners) breach any of the in-term restrictions against competition provided in this Agreement or any obligation to devote your or your owner's whole time and attention to the operation of your Outlet;
- 16.01.20 you fail to permit or cooperate with us or our nominee in any audit or inspection or fail to retain (or to produce on request) any records required to be maintained by you;
- 16.01.21 you fail to meet system standards as outlined in this Agreement;
- 16.01.22 breach any other franchise agreement or other agreement between you and us or our affiliates and fail to cure the same as required by any such agreement;
- 16.01.23 you have breached this Agreement on two (2) or more occasions within any twelve (12) consecutive months or three (3) or more occasions within any twenty four (24) consecutive months;
- 16.01.24 during the term of this Agreement to submit when due reports or other data, information or supporting records, to pay when due any amounts due to us or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you; or
- 16.01.25 you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; the Outlet is attached, seized, subjected to a writ or distress warrant or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of you or the Outlet is not vacated within thirty (30) days following the entry of such order.

**16.02 After Notice.** We may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure it within thirty (30) days of our notice:

- 16.02.1 you or a trained manager is not present at the Outlet during all open hours;
- 16.02.2 failure to keep the Outlet open during the required hours;
- 16.02.3 purchasing or leasing any product or service from an unapproved supplier;
- 16.02.4 failure to participate in a Cooperative;
- 16.02.5 failure to pay taxes and assessments;
- 16.02.6 failure to obtain and maintain required permits;
- 16.02.7 if you are a Business Entity, failure to maintain active status in your state of organization;
- 16.02.8 failure to promptly pay any amounts due us or your suppliers;
- 16.02.9 failure to timely make required reports;
- 16.02.10 failure to maintain sufficient liquid funds to pay amounts to us via electronic transfer;
- 16.02.11 you violate any other provision of this Agreement;

- 16.02.12 failure to maintain any standards or procedures contained in the System Standards Manual;
- 16.02.13 continued violation of any law, ordinance, rule or regulation of a governmental agency; or
- 16.02.14 failure to obtain any approvals or consents required by this Agreement.

### **16.03 Discontinuance of Obligations.**

- 16.03.1 If you are in arrears in any payment to us or our affiliates or in material breach of any provision of this Agreement and we deliver a notice of default to you, we and/or each affiliate have the right to cease providing the support services and performing the obligations set out in this Agreement, until you have remedied all defaults. No such action by us and/or any affiliate shall be a constructive termination of this Agreement, and you agree that you will not be relieved of any obligations under this Agreement because of any such action.
- 16.03.2 Without prejudice to our right to terminate this Agreement, we may give you notice requiring you immediately to suspend all or any activities in connection with this Agreement for such period as may be notified to you if we have a reasonable belief that there has been, or may about to be, a breach by you of the terms of this Agreement, the System Standards Manual or our other requirements.
- 16.03.2 Following the giving of a notice under sub clause 16.3(a) or (b) above we shall, within a reasonable period, inform you of the remedial action that must be taken before you shall be permitted to resume your activities pursuant to this Agreement together with details of the timescale in which such remedial actions must be carried out.

## **17. RIGHTS AND OBLIGATIONS UPON TERMINATION.**

**17.01 Payment of Amounts Owed To Us.** You agree to pay us within fifteen (15) days after the effective date of termination or expiration of this Agreement, or on such later date that the amounts due to us are determined, such Royalties, Marketing Fund Fees, amounts owed for purchases from us or our affiliates, interest due on any of the foregoing and all other amounts owed to us which are then unpaid.

**17.02 Intellectual Property.** Upon the termination or expiration of this Agreement:

- 17.02.1 you may not directly or indirectly at any time or in any manner (except with respect to other GDK Outlets you own and operate) identify yourself or any business as a current or former GDK Outlet, or as one of our licensees or franchisees, use any Intellectual Property, any colorable imitation of a trademark or other indicia of a GDK Outlet in any manner or for any purpose or utilize for any purpose any trade name, trade or service mark or other commercial symbol that indicates or suggests a connection or association with us;
- 17.02.2 you agree to take such action as may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Intellectual Property;
- 17.02.3 if we do not have or do not exercise an option to purchase the Outlet, you agree to de-brand the Outlet at your sole cost and expense and deliver to us within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date all signs, sign-faces, sign-cabinets, marketing materials, forms and other materials containing any Intellectual Property or otherwise identifying or relating to a GDK Outlet and allow us, without liability to you or third parties, to remove all such items from the Outlet;
- 17.02.4 if we do not have or do not exercise an option to purchase the Outlet, you agree that, after, as applicable, the effective date of expiration of this Agreement or the

Notification Date, you will promptly and at your own expense make such alterations we specify to distinguish the Outlet clearly from its former appearance and from other GDK Outlets so as to prevent confusion by the public;

17.02.5 if we do not have or do not exercise an option to purchase the Outlet, you agree that, after, as applicable, the effective date of expiration of this Agreement or the Notification Date, you will notify all delivery aggregators, the telephone company and all telephone directory publishers of the termination or expiration of your right to use any delivery aggregator platform, telephone or other numbers and any regular, classified or other telephone directory listings associated with GDK, authorize the transfer of any delivery aggregator accounts or pages, and telephone numbers and directory listings to us or at our direction a third party and/or instruct the telephone company to forward all calls made to your telephone numbers to numbers we specify; and

17.02.6 you agree to furnish us, within thirty (30) days after, as applicable, the effective date of expiration of this Agreement or the Notification Date, with evidence satisfactory to us of your compliance with the foregoing obligations. In the event that you fail to do so, we shall be entitled to appoint representatives to enter the Outlet and take such steps as we may require to de-brand the Outlet and we shall be entitled to charge any and all costs incurred to you.

**17.03 Confidential Information.** You agree that, upon termination or expiration of this Agreement, you will immediately cease to use any of our Confidential Information in any business or otherwise and return to us all copies of the System Standards Manual and any other confidential materials that we have loaned to you.

**17.04 Competitive Restrictions.** Upon termination or expiration of this Agreement (if no Successor Franchise Agreement is entered into) you and your owners agree that:

17.04.1 for a period of twelve (12) months after the termination or expiration engage in, be employed by or be concerned or interested, directly or indirectly, in any business which is a Competitive Business within fifty (50) miles of your Protected Territory;

17.04.2 for a period of twelve (12) months after the termination or expiration be concerned or interested, directly or indirectly, in any business which is a Competitive Business within the Protected Territory;

17.04.3 for a period of twelve (12) months after the termination or expiration be engaged on a self-employed basis or be employed by a business whose principal business activity is a Competitive Business within the Protected Territory;

17.04.4 for a period of twelve (12) months after the termination or expiration engage in, be employed by or be concerned or interested, directly or indirectly, in any business from the Premises which is a Competitive Business;

17.04.5 for a period of twelve (12) months after the termination or expiration engage in, be employed by or be concerned or interested, directly or indirectly, in any business which is a Competitive Business within fifty (50) miles of the territory of another of our franchisees;

17.04.6 for a period of twelve (12) months after the termination or expiration, for the purposes of a Competitive Business, have any commercial dealings with or solicit any person, firm or company that has been a customer of your GDK Outlet for whom you have provided services or products at any time in the twelve (12) months period prior to such termination or expiration;

17.04.7 for a period of twelve (12) months after the termination or expiration, sell any of the business assets used in the operation of your GDK Outlet or transfer any shares in your Business Entity to a third party which would enable, in either case, a third party directly or indirectly to carry on a Competitive Business;

17.04.8 at any time after the termination or expiration, in connection with any other business or activity of any kind, including a Competitive Business, attempt to replicate any proprietary recipes of ours (including, for the avoidance of doubt, recipes for meat, sauces or breads) nor shall you purchase (or attempt to purchase) any proprietary products from our approved suppliers.

If any person restricted by this Section refuses voluntarily to comply with the foregoing obligations, the relevant time periods will commence with the entry of an order of an arbitrator, or court if necessary, enforcing this provision. You and your owners expressly acknowledge that the restrictions set forth in this Section are reasonable and that you and your owners possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive you or your owners of your personal goodwill or ability to earn a living.

Notwithstanding the extent of the time periods and geographical restrictions contained in this Section, we may at any time, whether during or after the termination or expiration of this Agreement, by written notice to you, reduce the time periods or geographic extent of all or any such restriction. Each restriction set forth in this Section shall be construed as a separate restriction and if any one or more of the restrictions contained herein is held to be unenforceable, the remaining restrictions shall continue in full force and effect.

Nothing herein will prevent you or your owners from owning for investment purposes up to an aggregate of five percent (5%) of the capital stock of any Competitive Business, so long as the Competitive Business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, and so long as you and/or your owners do not control the company in question.

#### 17.05 **Our Right to Purchase.**

17.05.1 **Exercise of Option.** Upon our termination of this Agreement in accordance with its terms and conditions or your termination of this Agreement without cause, we have the option, exercisable by giving written notice to you within sixty (60) days from the date of such termination, to purchase the Outlet from you, including the leasehold rights to the Premises. (The date on which we notify you whether or not we are exercising our option is referred to in this Agreement as the “**Notification Date**”). We have the unrestricted right to assign this option to purchase the Outlet. We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

17.05.2 **Leasehold Rights.** You agree at our election:

17.05.2.1 to assign your leasehold interest in the Premises to us; or

17.05.2.2 to enter into a sublease for the remainder of the lease term on the same terms (including renewal options) as the prime lease.

17.05.3 **Purchase Price.** The purchase price for the Outlet will be its fair market value, determined in a manner consistent with reasonable depreciation of the Outlet’s equipment, signs, inventory, materials and supplies, provided that the Outlet

will be valued as an independent business and its value will not include any value for:

- 17.05.3.1 the Franchise or any rights granted by this Agreement;
- 17.05.3.2 the Intellectual Property; or
- 17.05.3.3 participation in the network of GDK Outlets.

The Outlet's fair market value will include the goodwill you developed in the market of the Outlet that exists independent of the goodwill of the Intellectual Property and the System. The length of the remaining term of the lease for the Premises will also be considered in determining the Outlet's fair market value.

We may exclude from the assets purchased cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Outlet's operation or that we have not approved as meeting standards for GDK Outlet, and the purchase price will reflect such exclusions.

**17.05.4 Appraisal.** If we and you are unable to agree on the Outlet's fair market value, its fair market value will be determined by three (3) independent appraisers who collectively will conduct one appraisal. We will appoint one appraiser, you will appoint one appraiser and the two party-appointed appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within fifteen (15) days after we notify you that we are exercising our option to purchase the Outlet, and the two appraisers so chosen are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two party-appointed appraisers was appointed. You and we will bear the cost of our own appraisers and share equally the fees and expenses of the third appraiser chosen by the two party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third appraiser's appointment.

The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. We have the right to set off against the purchase price, and thereby reduce the purchase price by, any and all amounts you or your owners owe to us or any amounts of rent you owe the landlord of the Premises, or supplies or your creditors that we pay on your behalf in order to obtain lawful possession of the Premises, any of your assets or to cover amounts you owe suppliers we do business with. At the closing, you agree to deliver instruments transferring to us:

- 17.05.4.1 good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
- 17.05.4.2 all licenses and permits of the Outlet which may be assigned or transferred; and
- 17.05.4.3 the leasehold interest and improvements in the Premises.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, the closing of the sale will be accomplished through an escrow. You and your owners further agree to execute General Releases, in form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns.

Pending completion of a purchase, we will have the right to appoint a manager to maintain the operation of the Outlet. You will indemnify us against all obligations incurred in connection with the business prior to the purchase save for liability arising from our negligence or willful misconduct. You agree to furnish us within ten (10) days of our notice of intent to exercise this option with all such information about the Outlet as we shall reasonably require.

**17.06 Continuing Obligations.** All of our and your (and your owners' and affiliates') obligations which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire. Examples include indemnification, payment, de-identification and dispute resolution provisions.

## **18. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

**18.01 Independent Contractors.** You and we understand and agree that this Agreement does not create a fiduciary relationship (or other similar special relationship) between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You and we further understand and agree that our relationship is an ordinary commercial relationship between independent business people with arm's length dealings. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, Outlet personnel and others as the owner of the Outlet under a franchise we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time. You will not, unless expressly authorized, permit any person connected with you in any way to represent himself or herself or you in such a way that others dealing with him or her or you might assume the authority of a director, officer, employee or agent of ours exists. You may not use any of our Intellectual Property in your Business Entity name.

**18.02 No Liability for Acts of Other Party.** You agree not to employ any of the Intellectual Property in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your indebtedness or obligations, and that you will not use the Intellectual Property in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and franchisee or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the Outlet's operation or the business you conduct pursuant to this Agreement.

**18.03 Taxes.** We will have no liability for any sales, use, alcohol surcharge, service, occupation, excise, gross receipts, income, payroll, property or other taxes, whether levied upon you or the Outlet, in connection with the business you conduct (except any taxes we are required by law to collect from you with respect to purchases from us). Payment of all such taxes are your responsibility.

**18.04 No Warranty.** We make no representations or warranties (and specifically disclaim all warranties including the implied warranty of merchantability or fitness for a particular purpose) and shall have no liability to you with respect to any products or services provided to you by us, or by our affiliates and/or any approved supplier.

**18.05 Indemnification.** You agree to indemnify, defend and hold harmless us, our affiliates and our respective shareholders, directors, officers, employees, agents, successors and assignees (the "**Indemnified Parties**") against and to reimburse any one or more of the Indemnified Parties for all claims, obligations and damages described in this Section, any and all taxes described in this Agreement and any and all claims and liabilities directly or indirectly arising out of the Outlet's operation (even if our negligence is alleged) or your breach of this Agreement. For purposes of this indemnification, "**claims**" includes all obligations, damages (actual, consequential or otherwise) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountants', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other

third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

## **19. ENFORCEMENT.**

**19.01 Severability; Substitution of Valid Provisions.** Except as otherwise stated in this Agreement, each term of this Agreement, and any portion of any term, are severable. The remainder of this Agreement will continue in full force and effect. To the extent that any provision restricting your competitive activities is deemed unenforceable, you and we agree that such provisions will be enforced to the fullest extent permissible under governing law. This Agreement will be deemed automatically modified to comply with such governing law if any applicable law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any GDK System Standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

**19.02 Waivers.** We will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement, even if at any time: (a) we do not exercise a right or power available to us under this Agreement; or (b) we do not insist on your strict compliance with the terms of this Agreement; or (c) if there develops a custom or practice which is at variance with the terms of this Agreement; or (d) if we accept payments which are otherwise due to us under this Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not effect our rights with respect to any later breach by you or anyone else.

**19.03 Limitation of Liability.** Neither of the parties will be liable for loss or damage or deemed to be in breach of this Agreement if failure to perform obligations results from:

19.03.1 compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government or any department or agency thereof;

19.03.2 acts of God; or

19.03.3 acts or omissions of a similar event or cause.

However, such delays or events do not excuse payments of amounts owed at any time.

**19.04 Approval and Consents.** Whenever this Agreement requires our advance approval, agreement or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing. Except where expressly stated otherwise in this Agreement, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. If we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees and will not assume any liability or obligation to you.

**19.05 Waiver of Punitive Damages. EXCEPT FOR YOUR OBLIGATIONS TO INDEMNIFY US AND CLAIMS FOR UNAUTHORIZED USE OF THE INTELLECTUAL PROPERTY OR CONFIDENTIAL INFORMATION, YOU AND WE EACH WAIVE TO THE FULL EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND WE ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

**19.06 Limitations of Claims. ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG YOU AND US MUST BE MADE BY**

**WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF NET SALES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO US OR OUR AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE INTELLECTUAL PROPERTY. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.**

**19.07 Governing Law.** EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051 AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE ARE GOVERNED BY DELAWARE LAW, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISE OWNER, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. ALL MATTERS RELATING TO ARBITRATION ARE GOVERNED BY THE FEDERAL ARBITRATION ACT. REFERENCES TO ANY LAW OR REGULATION ALSO REFER TO ANY SUCCESSOR LAWS OR REGULATIONS AND ANY IMPLEMENTING REGULATIONS FOR ANY STATUTE, AS IN EFFECT AT THE RELEVANT TIME. REFERENCES TO A GOVERNMENTAL AGENCY ALSO REFER TO ANY SUCCESSOR REGULATORY BODY THAT SUCCEEDS TO THE FUNCTION OF SUCH AGENCY.

**19.08 Jurisdiction.** YOU AND WE CONSENT AND IRREVOCABLY SUBMIT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED IN DOVER COUNTY, DELAWARE, AND WAIVE ANY OBJECTION TO THE JURISDICTION AND VENUE OF SUCH COURTS. THE EXCLUSIVE CHOICE OF JURISDICTION DOES NOT PRECLUDE THE BRINGING OF ANY ACTION BY THE PARTIES OR THE ENFORCEMENT BY THE PARTIES IN ANY JUDGMENT OBTAINED IN ANY SUCH JURISDICTION, IN ANY OTHER APPROPRIATE JURISDICTION OR THE RIGHT OF THE PARTIES TO CONFIRM OR ENFORCE ANY ARBITRATION AWARD IN ANY APPROPRIATE JURISDICTION.

**19.09 Waiver of Jury Trial.** YOU AND WE EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER YOU OR US.

**19.10 Cumulative Remedies.** The rights and remedies provided in this Agreement are cumulative and neither you nor we will be prohibited from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

**19.11 Costs and Attorneys' Fees.** If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal or arbitration proceeding or if either you or we are required to enforce this Agreement in a judicial or arbitration proceeding, the party prevailing in such proceeding will be entitled to reimbursement of its costs and expenses, including reasonable accounting and attorneys' fees. Attorneys' fees will include, without limitation, reasonable legal fees charged by attorneys, paralegal fees, and costs and disbursements, whether incurred prior to, or in preparation for, or contemplation of, the filing of written demand or claim, action, hearing, or proceeding to enforce the obligations of the parties under this Agreement.

**19.12 Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns. Except as otherwise provided in this Agreement, this Agreement will also be binding on your successors and assigns, and your heirs, executors and administrators.

**19.13 Entire Agreement.** This Agreement, including the introduction, addenda and exhibits to it, constitutes the entire agreement between you and us. There are no other oral or written understandings

or agreements between you and us concerning the subject matter of this Agreement, except for the information contained in our Franchise Disclosure Document. Except as expressly provided otherwise in this Agreement, this Agreement may be modified only by written agreement signed by both you and us.

**19.14 No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

**19.15 Construction.** The headings of the sections are for convenience only. If two or more persons are at any time franchise owners hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several. This Agreement may be signed in multiple copies, each of which will be an original. “**A or B**” means “**A**” or “**B**” or both.

**19.16 Certain Definitions.** The term “**family member**” refers to parents, spouses, offspring and siblings, and the parents and siblings of spouses. The term “**affiliate**” means any Business Entity directly or indirectly owned or controlled by a person, under common control with a person or controlled by a person. The terms “**franchisee**”, “**franchise owner**”, “**you**” and “**your**” are applicable to one or more persons, a Business Entity, as the case may be. The singular use of any pronoun also includes the plural and the masculine and neuter usages include the other and the feminine. The term “**person**” includes individuals or Business Entities. The term “**section**” refers to a section or subsection of this Agreement. The word “**control**” means the power to direct or cause the direction of management and policies. The word “**owner**” means any person holding a direct or indirect, legal or beneficial ownership interest or voting rights in another person (or a transferee of this Agreement or an interest in you), including any person who has a direct or indirect interest in you or this Agreement and any person who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenue, profits, rights or assets.

**19.17 Timing is of the Essence.** It will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement. In computing time periods from one date to a later date, the words “**from**” and “**commencing on**” (and the like) mean “**from and including**”; and the words “**to**,” “**until**” and “**ending on**” (and the like) mean “**to but excluding**.” Indications of time of day mean Eastern Standard time.

## **20. DISPUTE RESOLUTION.**

**20.01 Mediation.** During the term of this Agreement, certain disputes may arise between you and us that may be resolvable through mediation. To facilitate such resolution, you and we agree that each party must, before commencing any arbitration proceeding, submit the dispute for non-binding arbitration at a mutually agreeable location (if you and we cannot agree on a location, the mediation will be conducted at our headquarters) to one mediator, appointed under the American Arbitration Association’s Commercial Mediation Rules. The mediator will conduct a mediation in accordance with such rules. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or other legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. Nevertheless, both you and we have the right in a proper case to obtain temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction. However, the parties must immediately and contemporaneously submit the dispute for non-binding mediation. If any dispute between the parties cannot be resolved through mediation within sixty (60) days following the appointment of a mediator, the parties must submit the dispute to arbitration subject to the following terms and conditions.

**20.02 Agreement to Arbitrate.** Except for claims (as defined below) related to or based on the Intellectual Property (which at our sole option may be submitted to any court of competent jurisdiction) and except as otherwise expressly provided by section 20.3 of this Agreement, any litigation, claim, dispute, suit, action, controversy, proceeding or otherwise (“**Dispute**”) between or involving you and us (and/or

involving you and/or any claim against or involving any of our or our affiliates' shareholders, directors, partners, officers, employees, agents, attorneys, accountants, affiliates, guarantors or otherwise), which are not resolved within forty-five (45) days of notice from either you or we to the other, will be submitted to arbitration. You shall not institute any legal or administrative proceeding for any dispute, claims or cause of action arising out of or in connection with this Agreement without first attempting to resolve the dispute through negotiation and non-binding mediation pursuant to Section 20.1 above. If such mediation fails to resolve the dispute, then either party may invoke arbitration pursuant to this Section.

20.02.1 Any dispute, claim or cause of action arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, or the legal relationships established by this Agreement, will be finally settled by arbitration to be conducted in accordance with the International Arbitration Rules of the ICC (the "**Rules**") and the terms of this Section. The following procedure applies to such arbitration:

- 20.02.1.1 The tribunal must consist of a single arbitrator who the parties shall appoint in accordance with the Rules ("**the Arbitrator**"), with the additional qualification that the Arbitrator must have at least three (3) years of experience in franchise relationships and franchise law;
- 20.02.1.2 The arbitration must take place in Dover County, Delaware (in the United States);
- 20.02.1.3 The language of the arbitration must be English. Any document not in English must be translated into English by and at the expense of the party submitting it;
- 20.02.1.4 If the Arbitrator dies, resigns, or becomes unable to act, the parties shall appoint a new Arbitrator in accordance with the provisions of this Agreement;
- 20.02.1.5 Upon conclusion of the arbitration, the Arbitrator must issue his/her award in writing;
- 20.02.1.6 The Arbitrator may make an order for the payment of interest on any amount claimed and an order for the payment of costs;
- 20.02.1.7 The costs and expenses of arbitration (including the Arbitrator's fees and expenses, the cost of hiring premises for hearings and the cost of related facilities, the cost of shorthand writers and typists if transcripts of hearings are to be taken) will be borne 50% by us and 50% by you, except that each party shall be responsible for any costs associated with traveling and lodging and their own legal fees;
- 20.02.1.8 The parties agree and acknowledge that the Arbitrator may issue an award in favor of the prevailing party and against the non-prevailing part that includes the prevailing party's costs incurred in connection with the arbitration proceeding, including reasonable attorneys' fees and expenses;
- 20.02.1.9 Any matter relating to the conduct of the arbitration or to the interpretation of this Section must be determined by the Arbitrator, whose decision will be final and binding upon the parties; and

20.02.1.10 The parties shall keep the entire arbitration proceeding, including all claims, materials and disputes involved therewith, strictly confidential, unless Franchisor agrees otherwise in writing. Each party hereby acknowledges that any and all awards made against it by the Arbitrator will be binding on, and enforceable against, it pursuant to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards and New York Convention.

**20.03 Specific Performance.** Nothing in this Agreement will prevent either you or we from obtaining temporary restraining orders and temporary or preliminary injunctive relief in a court of competent jurisdiction. However, you and we must contemporaneously submit the dispute for arbitration on the merits.

**20.04 Period In Which to Make Claims.** No issue may be raised in any dispute (whether being resolved by litigation, arbitration or otherwise) and whether by way of claim, counter claim, set off or otherwise unless such party raises the issue in writing before the expiration of the earlier of:

- 20.04.1 One (1) year after the date on which the facts giving rise to the issue comes to the attention of, or should reasonably have come to the attention of, such party; or
- 20.04.2 Two (2) years after the initial occurrence of any act or omission giving rise to the issue whenever discovered; or
- 20.04.3 In the case of alleged misrepresentation inducing a party to this Agreement to enter into this Agreement within two (2) years of entering into this Agreement.

**20.05 Third Parties.** The arbitration provisions of this Agreement are intended to benefit and bind certain third party non-signatories, and all of yours and our principal owners and affiliates.

**20.06 Survival.** This provision continues in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement for any reason.

## 21. NOTICES AND PAYMENTS.

**21.01 Notices.** All written notices and reports permitted or required under this Agreement or by the System Standards Manual will be deemed delivered:

- 20.01.1 at the time delivered by hand;
- 20.01.2 one (1) business day after transmission by facsimile or email;
- 20.01.3 two (2) business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or
- 20.01.4 three (3) business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All such notices must be addressed to the parties as follows:

If to Us:           GDK USA, INC.  
                      148 Hubbard Street  
                      Concord, MA 01742  
                      Attention: The Franchise Director

If to You:           \_\_\_\_\_

                          \_\_\_\_\_

                          \_\_\_\_\_

                      Attention: \_\_\_\_\_

Either you or we may change the address for delivery of all notices and reports and any such notice will be effective within ten (10) business days of any change in address. Any required payment or report not actually received by us during regular business hours on the date due (or postmarked by postal authorities at least two (2) days prior to such date, or in which the receipt from the commercial courier service is not dated prior to two (2) days prior to such date) will be deemed delinquent.

**20.02 Electronic Mail.** You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates (“**Official Senders**”) to you during the term of this Agreement. You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders’ transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the term of this Agreement.

**22. COMPLIANCE WITH ANTI-TERRORISM LAWS.**

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. “**Anti-Terrorism Laws**” mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement.

**23. SUBMISSION OF AGREEMENT**

The submission of this Agreement does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by you and us. The date of execution by us will be considered the date of execution of this Agreement.

**THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF US.**

**INTENDING TO BE LEGALLY BOUND**, the parties have executed and delivered this Agreement to be effective as of the Effective Date, regardless of the dates listed below.

“US”:

**GDK USA, INC.,**  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

“YOU”:

\_\_\_\_\_  
[Business Entity Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A TO FRANCHISE AGREEMENT  
APPROVED LOCATION AND PROTECTED  
TERRITORY**

**Location:**

The Approved Location for your GDK Outlet is:

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**Protected Territory:**

The Protected Territory for your GDK Outlet is:

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***NOTE: FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR SHALL DETERMINE THE PROTECTED TERRITORY AND UNILATERALLY UPDATE THIS EXHIBIT, WITHOUT CONSENT REQUIRED FROM FRANCHISEE, PRIOR TO THE COMMENCEMENT DATE IDENTIFIED ON EXHIBIT C TO FRANCHISEE'S MULTI-SITE DEVELOPMENT AGREEMENT.***

**INTENDING TO BE LEGALLY BOUND**, the parties have executed and delivered this Agreement to be effective as of the Effective Date, regardless of the dates listed below.

“US”:

“YOU”:

**GDK USA, INC.,**  
a Delaware corporation

\_\_\_\_\_  
[Business Entity Name]

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT B  
PRINCIPAL OWNER'S STATEMENT**

This form must be completed by the Franchisee (“I,” “me,” or “my”) if I have multiple owners or if I, or my licensed business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise Agreement to me.

1. **Form of Company.** I am a (check one):

- (a) General Partnership
  - (b) Corporation
  - (c) Limited Partnership
  - (d) Limited Liability Company
  - (e) Other
- Specify: \_\_\_\_\_

I was formed under the laws of \_\_\_\_\_.  
(state)

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_, \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. I have not conducted business under any name other than my corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of all persons who have management rights and powers (e.g., officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>

3. **Owners.** The following list includes the full name and mailing address of each person who is one my owners and fully describes the nature of each owner’s interest. Attach additional sheets if necessary.

Owner’s Name and Address	Description of Interest	% of Ownership

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Principal Owner's Statement is current and complete as of \_\_\_\_\_.

**OWNER  
INDIVIDUALS:**

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Signature]

\_\_\_\_\_  
[Print Name]

**CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP:**

\_\_\_\_\_  
[Name]

By: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT C

### PRINCIPAL OWNERS GUARANTY

In consideration of the execution by GDK USA, INC., a Delaware corporation (“**Franchisor**”) of the GDK Franchise Agreement (the “**Franchise Agreement**”), dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ between Franchisor and \_\_\_\_\_ (**Franchisee**) and for other good and valuable consideration, including Franchisor’s execution of or consent to the transfer of the Franchise Agreement, each of the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all of the covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

If more than one (1) person has executed this Guarantee, the term “the undersigned”, as used herein, shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

The undersigned hereby agree, furthermore, that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder:

(a) any term, covenant or condition of the Franchise Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Franchise Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and, (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Franchise Agreement or any other person.

Should Franchisee be in breach or default under the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Franchise Agreement or any others of the undersigned.

Notice to or demand upon Franchisee or any of the undersigned shall be deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other Guarantors from liability hereunder, under the Franchise Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Franchise Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

Should any one (1) or more provisions of this Guarantee be determined to be illegal or unenforceable, all other provisions shall nevertheless be effective.

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

## EXHIBIT D

### CONDITIONAL ASSIGNMENT OF LEASE AGREEMENT

**THIS CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE** (this “**Assignment**”) is made, entered into and effective as of the effective date of the Lease (as defined hereinbelow), by, between and among **GDK USA, INC.**, a Delaware corporation (the “**Franchisor**”), and \_\_\_\_\_ whose current principal place of Outlet is \_\_\_\_\_ (the “**Franchisee**”).

### BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the “**Franchise Agreement**”) dated as of \_\_\_\_\_, 20\_\_\_\_ with the Franchisee, pursuant to which the Franchisee plans to own and operate a GDK Outlet (the “**Outlet**”) located at \_\_\_\_\_ (the “**Approved Location**”). In addition, pursuant to that certain Lease Agreement (the “**Lease**”), the Franchisee has leased or will lease certain space containing the Outlet described therein from \_\_\_\_\_ (the “**Lessor**”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

### OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information.
2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Lease.
3. **Indemnification of Franchisor:** The Franchisee agrees to indemnify and hold the Franchisor and its affiliates, stockholders, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.
4. **Conditional Assignment:** The Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory and supplies located in the Approved Location and the franchise relating to the Outlet, and all of the Franchisee’s rights, title and interest in and to the Lease as collateral for the payment of any obligation, liability or other amount owed by the Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by the Franchisee under the terms of the Lease, or, in the event the Franchisor makes any payment to the Lessor as a result of the Franchisee’s breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor’s option, be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Approved Location and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other Agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the

Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination:** The Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Approved Location and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

6. **Exercise of Remedies:** In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, the Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

(a) to take possession of the Approved Location, or any part thereof, personally, or by its agents or attorneys;

(b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Approved Location, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;

(c) to exclude the Franchisee, its agents or employees from the Approved Location;

(d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Outlet and conduct the Outlet, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;

(e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;

(f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Approved Location or the Approved Location that may seem judicious, in the sole discretion of the Franchisor;

(g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or

(h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of the Franchisee's default under the Lease.

7. **Power of Attorney:** The Franchisee does hereby appoint irrevocably the Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Approved Location, to rent, lease, manage and operate the Approved Location to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Approved Location pursuant to the provisions set forth in the Lease. The power of attorney

conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies.

9. **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words "Franchisor" and "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control:** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorney's Fees, Etc.:** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys' fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing Party.

12. **Severability:** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Parties have caused this Assignment to be executed as of the day and year first above written.

**FRANCHISEE:**

**FRANCHISOR:**  
**GDK USA, INC.**  
a Delaware corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

The Lessor hereby consents, agrees with, approves of and joins in with this **CONDITIONAL ASSIGNMENT AND ASSUMPTION OF LEASE.**

**THE "LESSOR":**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **EXHIBIT E**

### **NON-DISCLOSURE AGREEMENT**

This Non-Disclosure and Non-Competition Agreement (“**Agreement**”) is entered into by the undersigned (the “**Disclosee**”) as of the date written below.

The Company is a Franchisee of GDK USA, INC., a Delaware corporation (“**Franchisor**”), pursuant to which it is has been granted a non-exclusive license to use Franchisor’s trademarks and service marks, the business systems identified by such Intellectual Property (the “**System**”), and certain confidential information.

In consideration of the Disclosee’s employment by the Company, and as a material inducement for the Company to disclose certain confidential and/or proprietary information to the Disclosee in connection with the business of being a franchisee of Franchisor, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Disclosee agrees to be bound by the following representations, warranties and covenants, to be effective, during and at all times after the Disclosee’s employment by or affiliation with the Company:

1. The Disclosee may have received or been given access to, or will receive or be given access to, certain confidential information and trade secrets of Franchisor and/or the Company, all relating to or useful in the Company’s business and all labeled, treated as, or otherwise considered by Franchisor and/or the Company as confidential or proprietary information (collectively, the “**Confidential Information**”). The Confidential Information includes, without limitation, the Franchisor confidential manuals, memoranda, agreements, correspondence, records, plans and reports used or created by the Company or supplied to the Company by Franchisor; know-how; menus and recipes; formulas; processes; trade secrets; identities of current and prospective customers and suppliers and related data and information; advertising and marketing techniques; procedures and techniques; and operational and quality assurance procedures.

2. The Disclosee represents, warrants and agrees that the Disclosee will keep any and all of the Confidential Information from being made known or disclosed to any person or entity, except for the exclusive use and benefit of the Company or Franchisor. The Disclosee shall not reproduce, or permit the reproduction, directly or indirectly, of any of the Confidential Information except as required by the Company, or permit the removal of, nor shall the Disclosee remove, any of the Confidential Information from the premises of the Company.

3. The Confidential Information is the exclusive property of Franchisor and/or the Company. Upon request by the Company, and in any event upon termination of the Disclosee’s employment or affiliation for whatever reason, the Disclosee shall return to the Company all documents and other material in the Disclosee’s possession or under the Disclosee’s control which may contain or be derived from Confidential Information, together with all documents, notes, or other work product which is connected with or derived from the Disclosee’s employment by, or ownership of, the Company. The Disclosee shall, from time to time as may be requested by the Company, do all things which may be necessary to establish or document the Company’s rights of any such work product.

4. The Disclosee shall promptly provide notice to the Company if the Disclosee knows of or suspects the disclosure of any Confidential Information by any person or entity, which disclosure would not be permitted if such person or entity were bound by the terms of this Agreement. Such notice is signed by the Disclosee and shall reasonably describe such unpermitted disclosure.

5. Disclosee acknowledges and agrees that Company’s existing customers belong to the Company and not the Disclosee, and that Disclosee is not entitled to maintain a list of Company’s customers. Disclosee further acknowledges and agrees that Company’s customer list is a unique and

valuable asset of the Company and Company shall be irreparably harmed if Disclosee were permitted to use Company's customer list for any purpose other than to benefit Company.

6. The existence of any claim or cause of action by the Disclosee against the Company predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company and/or Franchisor of this Agreement. Any failure to object to any conduct in violation of this Agreement shall not be deemed a waiver by the Company or Franchisor. In the event that any court shall finally hold that any other provision stated in this Agreement constitutes an unreasonable restriction upon the Disclosee, the Disclosee hereby expressly agrees that the provisions of this Agreement shall not be rendered void, but shall apply to such other extent as such court may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved. The Disclosee agrees that it shall forthwith comply with any covenant as so modified, which is fully enforceable to the extent permitted by applicable law. The obligations of the Disclosee to Franchisor are in addition to, and not in lieu of, any additional or more restrictive obligations the Disclosee may have to Franchisor in any other agreement.

7. The Disclosee acknowledges and confirms that the restrictions contained herein are fair and reasonable and not the result of overreaching, duress or coercion of any kind. The Disclosee further acknowledges and confirms that his or her full, uninhibited and faithful observance of each of the covenants contained in this Agreement will not cause any undue hardship, financial or otherwise, and that the enforcement of each of the covenants contained in this Agreement will not impair his or her ability to obtain employment commensurate with his or her abilities and on terms fully acceptable to the Disclosee or otherwise to obtain income required for his or her comfortable support and of his or her family, and the satisfaction of the needs of his or her creditors. The Disclosee acknowledges and confirms that his or her special knowledge of the Franchisor/Company's business (and anyone acquiring such knowledge through the Disclosee) is such as would cause the Company and Franchisor serious injury and loss if the Disclosee (or anyone acquiring such knowledge through the Disclosee) were to use such ability and knowledge to the detriment of the Company or Franchisor.

8. In the event the Company should bring any legal action or other proceeding for the enforcement of this Agreement, the time for calculating the term of the restrictions therein shall not include the period of time commencing with the filing of legal action or other proceeding to enforce the terms of this Agreement hereof through the date of final judgment or final resolution, including all appeals, if any, of such legal action or other proceeding.

9. The parties recognize the necessity of the Disclosee's compliance with the terms of this Agreement to Franchisor as the franchisor of the business operated by the Company. Accordingly, the Disclosee agrees and acknowledges that Franchisor is a third party beneficiary of the Disclosee's obligations hereunder and Franchisor is entitled to all rights and remedies conferred upon the Company or Franchisor hereunder, which Franchisor may enforce directly against the Disclosee with or without the consent or joinder of the Company.

10. No modification or waiver of any of the terms of this Agreement are effective unless made in writing and signed by the Disclosee, the Company and Franchisor. All of the terms of this Agreement is binding upon, inure to the benefit of, and be enforceable by the Disclosee, the Company, and Franchisor and their respective legal representatives, heirs, successors and assigns.

11. The Confidential Information is a unique and valuable asset of the Company and Franchisor, and the Company and Franchisor shall be irreparably damaged (and damages at law would be an inadequate remedy) if this Agreement is not specifically enforced. Therefore, in the event of a breach or threatened breach by the Disclosee of this Agreement, the Company and Franchisor shall be entitled to injunctions restraining such breach, without being required to show any actual damage or to post any bond or other security, and/or to a decree for specific performance of this Agreement. The Disclosee irrevocably and unconditionally: (a) agrees that any legal proceeding relating to this

Agreement shall be brought in the state courts in Delaware or the District Court of the United States, Dover County, Delaware; (b) consents to the jurisdiction of each such court; and (c) waives any objection which the Disclosee may have to the laying of venue of any proceeding in any of such courts.

12. The Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

13. The Company and/or Franchisor shall be entitled to recover from Disclosee all reasonable attorneys' fees, costs, and expenses incurred by or on behalf of the Company and/or Franchisor in matters arising out of or related to the interpretation or enforcement of any provision of this Agreement or any of the Company's or Franchisor's rights hereunder.

14. This Agreement has been carefully reviewed, negotiated, understood and agreed to by all parties hereto. In the event of any ambiguities in this Agreement, any statute or rule of construction that ambiguities are to be resolved against the drafter of the agreement shall not be employed in the interpretation of this Agreement.

15. This Agreement neither creates nor is intended to imply the existence of an employment contract and does not represent a promise or representation of employment or continued employment. Nothing in this Agreement shall change the "at-will" nature of Disclosee's employment relationship with the Company.

Dated: \_\_\_\_\_

DISCLOSEE:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Printed Name)

**EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT**  
**MULTI-SITE DEVELOPMENT AGREEMENT AND EXHIBITS**

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**MULTI-SITE DEVELOPMENT AGREEMENT**

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**GDK USA, INC.**  
**MULTI-SITE DEVELOPMENT AGREEMENT**

**THIS MULTI-SITE DEVELOPMENT AGREEMENT** (the “**Agreement**”) is entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), regardless of the actual date of signature, between **GDK USA, INC.**, a Delaware corporation (“**we**” or “**us**” or “**our**” or “**GDK**”) and \_\_\_\_\_, a(n) \_\_\_\_\_ (“**you**” or “**your**” or “**Developer**”).

**1. SYSTEM AND PURPOSE**

1.1. The GDK System. We and our affiliates have expended considerable time and effort in developing a premium QSR restaurant that features gourmet kebabs made with healthy, nutritious locally produced ingredients and a proprietary blend of traditional spices and exclusive products for dine-in, take-away and delivery (a “**GDK Outlet**” or “**Outlet**”). **GDK Outlets** operate under the service mark and trade name “**GDK**” and other associated logos, designs, artwork and trade dress, trademarks, service marks, commercial symbols, and e-names, which have gained and continue to gain public acceptance and goodwill, and may create, use and license additional trademarks, service marks, e-names and commercial symbols in conjunction with the operation of **GDK Outlets** (collectively, the “**Marks**”) and under distinctive business formats, methods, procedures, designs, layouts, signs, equipment, menus, recipes, trade dress, standards and specifications, all of which we may improve, further develop or otherwise modify from time to time (the “**System**”). We grant to persons who meet our qualifications and are willing to undertake the investment and effort, franchises to own and operate **GDK Outlets** offering the products and services we authorize and approve and utilizing the **Marks** and the **System** within a specific geographic area (a “**Development Area**”). You have applied for the right to develop, own and operate **GDK Outlets** in a specific Development Area.

1.2. Intention and Purposes. Before or simultaneously with signing this Agreement, you and we (or your Controlled Affiliate, as defined below) signed or are signing a Franchise Agreement pursuant to which you (or such Controlled Affiliate) will operate a **GDK Outlet** (the “**Current Franchise Agreement**”). You and we are signing this Agreement because you would like the right to develop and operate a number of **GDK Outlets** within a certain geographic area over a certain period of time, and we are willing to grant you those rights if you comply with this Agreement’s terms and conditions.

1.3. Business Organization. If you are at any time a business organization (“**Business Entity**”) (like a corporation, limited liability company or partnership) you agree and represent that:

(a) you have the authority to execute, deliver and perform your obligations under this Agreement and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;

(b) your organizational or governing documents will recite that the issuance and transfer of any ownership interests in you are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in you will bear a legend referring to the restrictions of this Agreement;

(c) the Principal Owners Statement will completely and accurately describe all of your owners and their interests in you. A copy of our current form of Principal Owners Statement is attached to the Franchise Disclosure Document you were furnished;

(d) you and your owners agree to revise the Principal Owners Statement as may be necessary to reflect any ownership changes and to furnish such other information about your

organization or formation as we may request (no ownership changes may be made without our approval);

(e) each of your owners during the Term will sign and deliver to us our standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between you and us. A copy of our current form of Principal Owners Guaranty is attached to the Franchise Disclosure Document; and

(f) at our request, you will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of your owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

## 2. TERM

This Agreement commences on the Effective Date and expires on the earlier of: (i) 5 years from the Effective Date; or (ii) the opening of the last GDK Outlet specified in the Development Schedule (the "Term"). This Agreement may be terminated before it expires in accordance with its terms. Upon expiration or termination of this Agreement, you will not have any further rights to acquire franchises to operate GDK Outlets; but you may continue to develop, own and operate all GDK Outlets subject to franchise agreements (the "Franchise Agreement(s)") with us in accordance with their terms).

## 3. DEVELOPMENT RIGHTS AND OBLIGATIONS

3.1. Development Rights. If you (and your affiliates) are in full compliance with all of the provisions of this Agreement and all of the Franchise Agreements, then during the Term, we will grant to you (or your Controlled Affiliate) franchises to develop, own and operate \_\_\_ GDK Outlets (including the GDK Outlet covered by the Current Franchise Agreement) to be located within the following Development Area encompassing the following geographic area: \_\_\_\_\_

\_\_\_\_\_ in the state(s) of \_\_\_\_\_.

If the Development Area is identified by counties or zip codes it will be considered fixed as of the Effective Date, notwithstanding any political reorganization or change to the boundaries or zip codes. The parties may depict the Development Area on a map attached to this Agreement and initialed by the parties as Exhibit "A." However, if there is any inconsistency between the language in this text and the attached map, the language in the text of this Agreement will control. Pursuant to these development rights, you must open the GDK Outlets according to the mandatory Development Schedule described below. In this Agreement, the term "**Controlled Affiliate**" means any Business Entity of which you or one or more of your majority owners owns at least 75% of the total authorized ownership interest, as long as you or such owner(s) have the right to control the Business Entity's management and policies.

3.2. Exclusivity. If you and your Controlled Affiliates are in full compliance with this Agreement and all other agreements between you (or any of your Controlled Affiliates) and us, including, without limitation, any Franchise Agreement then in effect between you (or any Controlled Affiliate) and us for the operation of GDK Outlets, then during the Term only, and except as otherwise provided in this Agreement, neither we nor our affiliates will operate, or authorize any other party to operate, a GDK Outlet, the physical premises of which are located within the Development Area. You acknowledge and agree that we may exercise any and all other rights that we now reserve in any Franchise Agreement (and related documents). After this Agreement ends, regardless of the reason, we and our affiliates may engage, and allow others to engage, in any activities we desire within and outside the Development Area, without any restrictions whatsoever, subject to only your (or any affiliate's) rights under Franchise Agreements with us then in effect.

3.3. Reserved Rights. We reserve all rights not expressly granted to you pursuant to this Agreement. Except as expressly granted above, we (and our affiliates) retain all rights with respect to the GDK System, the Marks, the sale of similar or dissimilar products and services, and any other activities we (or our affiliates) deem appropriate wherever and whenever we determine, including without limitation, the right to:

(a) solicit prospective franchisees (within or outside of your Development Area) through national or regional advertising, trade shows or conventions, or using or through the Internet, Intranet or other forms of e-commerce or through similar means and grant other persons franchises, or other rights to operate GDK Outlets wherever located, except in your Development Area unless such franchised GDK Outlets exist in the Development Area as of the Effective Date;

(b) own and operate GDK Outlets ourselves or through affiliates anywhere, except in your Development Area unless such GDK Outlets exist in the Development Area as of the Effective Date;

(c) sell, solicit, recruit and provide services for GDK Outlets or any franchised business not defined as a GDK Outlet in this Agreement;

(d) sell, and provide the products and/or services authorized for sale by, GDK Outlets under the Marks or other trade names, trademarks, service marks and commercial symbols through similar or dissimilar channels (like telephone, mail order, kiosk, co-branded sites and sites located within other retail businesses, Intranet, Internet, websites, wireless, email or other forms of e-commerce), including in grocery, pharmacy and other retail stores, for distribution within and outside of your Development Area, except in your Development Area and pursuant to such terms and conditions as we consider appropriate;

(e) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at GDK Outlets, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating, including within your Development Area;

(f) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at GDK Outlets, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses and/or has locations within your Development Area;

(g) conduct all internet related, e-commerce, social media and related communications relating to the operation of GDK Outlets or the selling of services offered at any of the GDK Outlets. In this connection, we will have the sole right to establish one or more websites that contain any of the Marks or that advertise, market or promote any of the services that we authorize for GDK Outlets. You agree to follow our rules and policies with respect to the use of the internet and social media, both for advertising and marketing, and for the conducting of electronic commerce. We may engage in internet and e-commerce, marketing, promotion and operation even if those activities affect customer relationships within your Development Area; and

(h) solicit prospective franchisees for, and own and operate, businesses of any other kind or nature, anywhere, including within your Development Area.

3.4. Business Judgment. Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we deem appropriate according to our business judgment, and subject to reasonable deviations,

to vary System Standards or other aspects of the System. You have no right to require us to grant you a similar variation or accommodation.

3.5. Development Obligations. During the Term, you will at all times faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to promote and enhance the development of GDK Outlets within the Development Area. You agree to:

(a) obtain locations and premises for GDK Outlets within the Development Area approved by us; and

(b) sign Franchise Agreements to develop and open, and continue in operation, the number of GDK Outlets within the time periods (the “**Development Periods**”) mandated by the schedule attached hereto as Exhibit “B” (the “**Development Schedule**”).

3.6. Effect of Failure. Strict compliance with the Development Schedule is of the essence. If you do not timely meet the Development Schedule, you will be in default. Any such default constitutes a material breach of this Agreement and we may:

(a) terminate this Agreement;

(b) have the right to operate or grant franchises to operate GDK Outlets within the Development Area; or

(c) reduce the Development Area and the Development Schedule to a size and magnitude that we estimate you are capable of operating otherwise in accordance with this Agreement.

#### 4. DEVELOPMENT FEE

We do not charge a Development Fee.

#### 5. GRANT OF FRANCHISES

5.1. Franchise Agreements. Contemporaneous with the execution of this Agreement, you shall execute and deliver to us two copies of a Franchise Agreement and the Amendment to Franchise Agreement attached to this Agreement as Exhibit C for the first GDK Outlet you are required to develop under this Multi-Site Development Agreement. You must sign the Franchise Agreement and the Amendment to the Franchise Agreement for the remaining outlets you are required to develop when suitable sites have been identified and approved by us. The form of Franchise Agreement and Amendment to the Franchise Agreement may materially differ from the form of Franchise Agreement and the Amendment to the Franchise Agreement signed for the first GDK Outlet except we confirm that the Royalty Fee for the remaining outlets will be the same as the Royalty Fee stated in the Franchise Agreement for your first GDK Outlet.

5.2. Initial Franchise Fees. On the Effective Date, you shall pay to us an Initial Franchise Fee of thirty thousand and no/100 dollars (\$30,000.00) for each GDK Outlet you are required to develop. All Initial Franchise Fees are fully earned and not refundable once paid.

5.3. Franchise Agreements. You agree to give us all information and materials we request to assess each proposed GDK Outlet site and your (or your Controlled Affiliate’s) financial and operational ability to develop and operate each proposed GDK Outlet. We will not unreasonably withhold approval of any site you propose that meets our then-current criteria for population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size and other physical and commercial characteristics. We have the absolute right to disapprove any site that does not meet these

criteria and other criteria that we may develop from time to time. We agree to use reasonable efforts to review and approve the sites that you propose within 30 days after we receive all requested information and materials. If we approve a proposed site and your (or your Controlled Affiliate's) financial and operational ability to develop and operate the proposed GDK Outlet, then you or your approved Controlled Affiliate, must sign a separate franchise agreement for that GDK Outlet. If neither you nor your Controlled Affiliate do so (including the owners for documents that need to be signed by them), or are unable to obtain lawful possession of the proposed site within a reasonable time after we approve of the proposed site, then we may withdraw our approval. Neither you nor any Controlled Affiliate may sign any lease or sublease for a site without our prior acceptance and without first signing and complying with any Franchise Agreement. After you (or your Controlled Affiliate) sign the Franchise Agreement, the terms and conditions of it will control the development and operation of that GDK Outlet, with the exception that it must be opened within the time limits specified in the Development Schedule.

5.4. Franchise Status. This Agreement does not create a franchise relationship between you and us. Any franchise relationship between you and us is created solely by signing a Franchise Agreement.

## 6. TRANSFER

6.1. By Us. This Agreement is fully transferable and assignable by us (without prior notice to you) and inures to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we will, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement.

6.2. By You. You understand and acknowledge that the rights and duties created by this Agreement are personal to you (or, if you are a Business Entity, to your owners) and that we have granted the development rights outlined in this Agreement to you in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, this Agreement (or any interest in it) is not transferable by you under any circumstances whatsoever. Furthermore, this Agreement will automatically terminate if any other transaction or event occurs that constitutes a "transfer" under this Agreement, including any sale, exchange or disposition of any ownership or other interest in you or any of the GDK Outlets. As used in this Agreement, the term "transfer" includes your (or your owners') voluntary, involuntary, direct or indirect assignment, sale, gift or other disposition of any interest in: (a) this Agreement or your rights under it; or (b) you. An assignment, sale, gift or other disposition includes the following events:

- (i) transfer of ownership of 10% or more of any capital stock or a partnership interest or any other interest that affects control over the Business Entity;
- (ii) merger or consolidation or issuance of additional securities or interests representing an ownership interest in you;
- (iii) any issuance or sale of your stock or any security convertible to your stock;
- (iv) transfer of an interest in you, this Agreement or any of the GDK Outlets in a divorce, insolvency or corporate or partnership dissolution proceeding or otherwise by operation of law;
- (v) transfer of an interest in you, this Agreement or the business, in the event of your death or the death of one of your owners, by will, declaration of or transfer in trust or under the laws of intestate succession; or

- (vi) pledge of this Agreement (to someone other than us) or of an ownership interest in you as security.

Furthermore, this Agreement and your and our respective obligations under it will automatically terminate if (a) you sell any of your GDK Outlets or transfer any of the Franchise Agreements without our prior written permission; and/or (b) you attempt to transfer or assign any rights under this Agreement.

6.3. Transfer to a Business Entity. If you are in full compliance with this Agreement, you may transfer this Agreement to a Business Entity that conducts no business other than the development of the GDK Outlets and, if applicable, other GDK Outlets so long as you own, control and have the right to vote 51% or more of its issued and outstanding ownership interests (like stock or partnership interests) and you guarantee its performance under this Agreement. All other owners are subject to our approval. The organizational or governing documents of the Business Entity must recite that the issuance and transfer of any ownership interests in the Business Entity are restricted by the terms of this Agreement, are subject to our approval, and all certificates or other documents representing ownership interests in the Business Entity must bear a legend referring to the restrictions of this Agreement. As a condition of our approval of the issuance or transfer of ownership interests to any person other than you, we may require (in addition to the other requirements we have the right to impose) that the proposed owner sign an agreement, in a form provided or approved by us, agreeing to be bound jointly and severally by, to comply with, and to guarantee the performance of, all of the your obligations under this Agreement.

6.4. Transfer Upon Death or Disability. Upon your death or disability or, if you are a Business Entity, the death or disability of the owner of a controlling interest in you, we may require you (or such owner's executor, administrator, conservator, guardian or other personal representative) to transfer your interest in this Agreement (or such owner's interest in you) to a third party. Such disposition (including, without limitation, transfer by bequest or inheritance) must be completed within the time we designate, not less than 1 month but not more than 6 months from the date of death or disability. Such disposition will be subject to all of the terms and conditions applicable to transfers contained in this Section. A failure to transfer your interest in this Agreement or the ownership interest in you within this period of time constitutes a breach of this Agreement. For purposes of this Agreement, the term "**disability**" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you or an owner of a controlling interest in you from managing and operating the GDK Outlets. If, upon your death or disability or the death or disability of the owner of a controlling interest in you, the business is not being managed by a trained manager, 15 days from the date of death or disability, we may appoint a manager to operate the business.

## 7. TERMINATION OF AGREEMENT

7.1. On Notice. We have the right to terminate this Agreement, effective upon delivery of written notice of termination to you, if:

- (a) you (or any of your owners) have made any material misrepresentation or omission in connection with your purchase of these development rights;
- (b) you fail to meet the Development Schedule;
- (c) any Franchise Agreement or other Multi Site Development Agreement between the GDK and the Developer is terminated;
- (d) you surrender or transfer control of this Agreement or the business without our prior written consent;

(e) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest, or guilty, to, a felony or other serious crime or offense;

(f) you (or any of your owners) engage in any dishonest or unethical conduct which may adversely affect the reputation of the GDK Outlet or another GDK Outlet or the goodwill associated with the Marks;

(g) you (or any of your owners) make an unauthorized assignment of this Agreement or of an ownership interest in you, or in any GDK Outlet;

(h) in the event of your death or disability or the death or disability of the owner of a controlling interest in you, this Agreement or such owner's interest in you is not assigned as required under this Agreement;

(i) you (or any of your owners) fail to comply with any other provision of this Agreement or any other agreements with us; or

(j) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee or liquidator of all or the substantial part of your property; unless any order appointing a receiver, trustee or liquidator of you is not vacated within 30 days following the entry of such order.

7.2. After Notice. We may also terminate this Agreement after we notify you of our intention to do so because of the occurrence of any of the following events and your failure to cure it within 30 days of our notice:

(a) if you are a Business Entity, failure to maintain active status in your state of organization;

(b) you violate the terms of any Franchise Agreement (including Franchise Agreements not included in the Development Schedule), this Agreement, or any other agreement between you and us or our affiliates, vendors or suppliers;

(c) continued violation of any law, ordinance, rule or regulation of a governmental agency;  
or

(d) failure to obtain any approvals or consents required by this Agreement.

## 8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

8.1. Independent Contractors. You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that we and you are and will be independent contractors and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner or employee of the other for any purpose. You agree to conspicuously identify yourself in all dealings with customers, suppliers, public officials, GDK Outlet personnel and others as the owner of the business under a Franchise Agreement we have granted and to place such notices of independent ownership on such forms, business cards, stationery and advertising and other materials as we may require from time to time.

8.2. No Liability for Acts of Other Party. You agree not to employ any of the Marks in signing any contract or applying for any license or permit, or in a manner that may result in our liability for any of your

indebtedness or obligations, and that you will not use the Marks in any way we have not expressly authorized. Neither we nor you will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other, represent that our respective relationship is other than franchisor and developer or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement.

8.3. Indemnification. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any of the following Claims: (a) any Claim asserted against you and/or any of the Indemnified Parties arising from the marketing, use or operation of any GDK Outlet or your performance and/or breach of any of your obligations under this Agreement; (b) any other Claim arising from alleged violations of your relationship with and responsibility to us; (c) any Claim resulting from your breach of any representations, warranties, or Restrictive Covenants (as defined in the Franchise Agreements); (d) any Claim arising as a result of your misuse of our Intellectual Property (as defined in the Franchise Agreements); (e) any Claim relating to a breach of your Lease (as defined in the Franchise Agreements); (f) any Claim relating to taxes or penalties assessed by any governmental entity against us that are directly related to your failure to pay or perform functions required of you under this Agreement; or (g) your negligent acts or omissions or willful misconduct in connection with the ownership or operation of any GDK Outlet. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees. "**Indemnified Party**" or "**Indemnified Parties**" means us and each of our past, present and future owners, members, GDK Outlets, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, GDK Outlets, directors, employees and agents. "**Claim**" or "**Claims**" means any and all claims, actions, demands, assessments, litigation, or other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries. "**Losses and Expenses**" means all compensatory, exemplary, and punitive damages; fines and penalties; attorneys' fees; experts' fees; accountants' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to our reputation and goodwill; and all other costs, damages, liabilities and expenses associated with any of the foregoing losses and expenses or incurred by an Indemnified Party as a result of a Claim.

## 9. DISPUTE RESOLUTION

9.1. Mediation. During the term of this Agreement, certain litigation, claims, disputes, suits, actions, controversies, proceedings or otherwise ("**Dispute**") may arise between you and us that may be resolvable through mediation. To facilitate such resolution, you and we agree that each party must, before commencing any arbitration proceeding, submit the Dispute for non-binding mediation at a mutually agreeable location (if you and we cannot agree on a location, the mediation will be conducted at our headquarters) to one mediator, appointed under the American Arbitration Association's Commercial Mediation Rules. The mediator will conduct a mediation in accordance with such rules. You and we agree that any statements made by either you or us in any such mediation proceeding will not be admissible in any subsequent arbitration or other legal proceeding. Each party will bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate. Nevertheless, both you and we have the right in a proper case to obtain temporary restraining orders and temporary or

preliminary injunctive relief from a court of competent jurisdiction. However, the parties must immediately and contemporaneously submit the Dispute for non-binding mediation. If any Dispute between the parties cannot be resolved through mediation within sixty (60) days following the appointment of a mediator, the parties must submit the Dispute to arbitration subject to the terms and conditions set forth in Section 10.2 of this Agreement.

9.2. Arbitration. Except for a Dispute related to or based on the Marks (which at our sole option may be submitted to any court of competent jurisdiction) and except as otherwise expressly provided by Section 10.1 of this Agreement, any Dispute between or involving you and us (and/or involving you and/or any claim against or involving any of our or our affiliates' shareholders, directors, partners, officers, employees, agents, attorneys, accountants, affiliates, guarantors or otherwise), which is not resolved within sixty (60) days of the appointment of a mediator pursuant to Section 10.1, will be submitted to arbitration. You shall not institute any legal or administrative proceeding for any Dispute arising out of or in connection with this Agreement without first attempting to resolve the Dispute through negotiation and non-binding mediation pursuant to Section 10.1 above. If such mediation fails to resolve the dispute, then either party may invoke arbitration pursuant to this Section.

(a) Any dispute, claim or cause of action arising out of or in connection with this Agreement, including any question regarding its existence, validity or termination, or the legal relationships established by this Agreement, will be finally settled by arbitration to be conducted in accordance with the International Arbitration Rules of the ICC (the "**Rules**") and the terms of this Section. The following procedure applies to such arbitration:

(i) The tribunal must consist of a single arbitrator who the parties shall appoint in accordance with the Rules (the "**Arbitrator**"), with the additional qualification that the Arbitrator must have at least three (3) years of experience in franchise relationships and franchise law;

(ii) The arbitration must take place in Dover County, Delaware (in the United States);

(iii) The language of the arbitration must be English. Any document not in English must be translated into English by and at the expense of the party submitting it;

(iv) If the Arbitrator dies, resigns, or becomes unable to act, the parties shall appoint a new Arbitrator in accordance with the provisions of this Agreement;

(v) Upon conclusion of the arbitration, the Arbitrator must issue his/her award in writing;

(vi) The Arbitrator may make an order for the payment of interest on any amount claimed and an order for the payment of costs;

(vii) The costs and expenses of arbitration (including the Arbitrator's fees and expenses, the cost of hiring premises for hearings and the cost of related facilities, the cost of shorthand writers and typists if transcripts of hearings are to be taken) will be borne 50% by us and 50% by you, except that each party shall be responsible for any costs associated with traveling and lodging and their own legal fees;

(viii) The parties agree and acknowledge that the Arbitrator may issue an award in favor of the prevailing party and against the non-prevailing part that includes the

prevailing party's costs incurred in connection with the arbitration proceeding, including reasonable attorneys' fees and expenses;

(ix) Any matter relating to the conduct of the arbitration or to the interpretation of this Section must be determined by the Arbitrator, whose decision will be final and binding upon the parties; and

(x) The parties shall keep the entire arbitration proceeding, including all claims, materials and disputes involved therewith, strictly confidential, unless Franchisor agrees otherwise in writing. Each party hereby acknowledges that any and all awards made against it by the Arbitrator will be binding on, and enforceable against, it pursuant to the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards and New York Convention.

## 10. GENERAL PROVISIONS

- 10.1. **Governing Law.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the laws of the State of Delaware (without reference to its principles of conflicts of law), but any law of the State of Delaware that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- 10.2. **Jurisdiction.** You and we consent and irrevocably submit to the jurisdiction and venue of any state or federal court of competent jurisdiction located in the Dover County, Delaware, and waive any objection to the jurisdiction and venue of such courts. The exclusive choice of jurisdiction does not preclude the bringing of any action by the parties or the enforcement by the parties in any judgment obtained in any such jurisdiction, in any other appropriate jurisdiction or the right of the parties to confirm or enforce any arbitration award in any appropriate jurisdiction.
- 10.3. **Relationship of the Parties.** You understand and agree that nothing in this Agreement creates a fiduciary relationship between you and us or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a franchisee of ours and the independent owner of your GDK Outlet. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.
- 10.4. **Severability and Substitution.** Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (a) the court may modify such promise or covenant to the minimum extent

necessary to make such promise or covenant enforceable; or (b) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable. In addition, this Agreement will be deemed automatically modified to comply with applicable law if such governing law requires: (a) a greater prior notice of the termination of or refusal to renew this Agreement; or (b) the taking of some other action not described in this Agreement; or (c) if any system standard is invalid or unenforceable. We may modify such invalid or unenforceable provision to the extent required to be valid and enforceable. In such event, you will be bound by the modified provisions.

- 10.5. **Waivers.** You and we may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. We and you shall not be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of its term) by virtue of: (a) any custom or practice of the parties at variance with the terms of this Agreement; (b) any failure, refusal or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (c) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other GDK Outlet franchisees; or (d) the acceptance by us of any payments due from you after breach of this Agreement.
- 10.6. **Approvals.** Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.
- 10.7. **Force Majeure.** Neither we nor you will be liable for loss or damage or deemed to be in breach of this Agreement if our or your failure to perform our or your obligations results from any event of force majeure. Any delay resulting from an event of force majeure will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances.
- 10.8. **Binding Effect.** This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that any additional insureds and the Indemnified Parties are intended third party beneficiaries under this Agreement.
- 10.9. **Integration.** This Agreement constitutes the entire agreement between the parties and may not, be changed except by a written document signed by both parties. Any e-mail correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The Exhibit(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between us and you about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Manuals are part of this Agreement. Any representations not specifically contained in this Agreement made before

entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. **Nothing in this Agreement is intended to disclaim any of the representations we made in the Franchise Disclosure Document.**

- 10.10. Covenant of Good Faith. If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable law shall imply the covenant, you agree that: (a) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may favorably or adversely affect your interests; (b) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee; (c) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (d) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.
- 10.11. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by law.
- 10.12. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.
- 10.13. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term “**you**” as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive.
- 10.14. Time of Essence. Time is of the essence in this Agreement and every term thereof.
- 10.15. Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document. Facsimile signatures will have the same force and effect as original signatures.
- 10.16. Notice. All notices and reports permitted or required under this Agreement or by the Manuals must be in writing and will be deemed delivered:
  - (a) at the time delivered by hand;
  - (b) 1 business day after transmission by facsimile, e-mail or other electronic system;

(c) 2 business days after being placed in the hands of a commercial airborne courier service for next business day delivery; or

(d) 3 business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

Delivery by facsimile, e-mail and electronic means constitutes a writing and does not require designation of a physical address (as otherwise stated below). All such notices must otherwise be addressed to the parties as follows:

YOU: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_  
Email: \_\_\_\_\_

US: GDK USA, INC.  
11015 Beauty Lane  
Dallas, Texas 75229  
Attention: Daniel Bunce  
Email: Daniel@gdk.com

Either party may change the address for delivery of notices and reports, and any such notice will be effective within 10 business days of any change in address. Any required payment or report not actually received by us during regular business hours on the due date will be deemed delinquent.

*[signature page follows]*

The parties to this Agreement have executed this Agreement effective as of the Effective Date first above written.

**FRANCHISOR:**

**GDK USA, INC.**

a Delaware corporation

**DEVELOPER:**

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

(If Individual(s)):

Sign: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

Sign: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A  
TO THE  
GDK USA, INC.  
MULTI-SITE DEVELOPMENT AGREEMENT**

**DEVELOPMENT AREA**

The Development Area(s) consists of the following geographical area(s), as defined by the following boundaries as of the date of execution of this Agreement.

<b>Outlet</b>	<b>Development Area</b>
Outlet 1	
Outlet 2	
Outlet 3	
Outlet 4	
Outlet 5	

**FRANCHISOR:**

**GDK USA, INC.**

a Delaware corporation

**DEVELOPER:**

\_\_\_\_\_ *[Business Entity Name]*

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

By: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

(If Individual(s)):

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

Sign: \_\_\_\_\_  
 Print Name: \_\_\_\_\_  
 Date: \_\_\_\_\_

**EXHIBIT B  
TO THE  
GDK USA, INC.  
MULTI-SITE DEVELOPMENT AGREEMENT**

**DEVELOPMENT SCHEDULE**

Development Year Start	GDK Outlet Commencement Date	Dates GDK Outlets Must Be Opened By ("Open Date")	Cumulative Number of GDK Outlets Open and in Operation

**FRANCHISOR:**

**GDK USA, INC.**  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

(If Individual(s)):

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Sign: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT C TO MULTI-SITE DEVELOPMENT AGREEMENT  
DEVELOPMENT AMENDMENT TO FRANCHISE AGREEMENT**

THIS DEVELOPMENT AMENDMENT TO FRANCHISE AGREEMENT (“**Amendment**”) dated for reference purposes this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (“**Effective Date**”), between GDK USA, Inc., a Delaware corporation (“**Franchisor**”) and \_\_\_\_\_, whose principal address is \_\_\_\_\_ (“**Franchisee**”) amends that certain Franchise Agreement dated \_\_\_\_\_ by and between Franchisor and Franchisee (“**Franchise Agreement**”) for the development of a GDK Outlet in the Development Area identified as: \_\_\_\_\_.

RECITALS

WHEREAS, Franchisor and Franchisee entered into that certain Multi-Site Development Agreement dated \_\_\_\_\_, pursuant to which Franchisee has agreed to develop multiple GDK Outlets; and

WHEREAS, Franchisor and Developer desire to amend the Franchise Agreement as herein provided.

NOW THEREFORE, for and in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Franchise Agreement as follows:

1. Notwithstanding anything contained in Sections 3.1, 4.1(b)(v) and (vi), 4.3, 5.1 and 16.1(b) and (c) of the Franchise Agreement, Franchisee’s obligations to meet the deadlines required therein shall commence on the Commencement Date specified in the Development Schedule (Exhibit B to the Multi-Site Development Agreement).
2. Full Force and Effect. Except as amended by this Amendment, the Agreement and all prior amendments remain in full force and effect.
3. Conflict. In the event of conflict between the terms and conditions of this Amendment and the terms and conditions of the Agreement, the terms and conditions of this Amendment shall control.

**INTENDING TO BE LEGALLY BOUND**, the parties have executed and delivered this Development Amendment to Franchise Agreement to be effective as of the Effective Date, regardless of the dates listed below.

**FRANCHISOR:**

**GDK USA, INC.**  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**FRANCHISE:**

\_\_\_\_\_  
*[Business Entity Name]*

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF CURRENT FRANCHISEES AND AREA DEVELOPERS**

**LIST OF CURRENT FRANCHISEES AND AREA DEVELOPERS**

**OUTLETS OPEN AS OF DECEMBER 31, 2024**

**New York**

GDK Brooklyn, LLC<sup>1</sup>  
Attn: Mohammed Yunus Shabul Hameed  
233 Joralemon Street  
Brooklyn, NY 11201  
201-693-2535(1)

GDK Queens, LLC<sup>1</sup>  
Attn: Mohammed Yunus Shabul Hameed  
31-75 Steinway Street  
Queens, NY 11103  
201-693-2535

Smart Foods Sixth Avenue, LLC<sup>1</sup>  
Attn: Mohammed Yunus Shabul Hameed  
1001 6<sup>th</sup> Avenue  
Manhattan, NY 10018  
201-693-2535

Smart Foods Piscataway LLC  
Attn: Mohammed Yunus Shabul Hameed  
465 86<sup>th</sup> Street  
Brooklyn, NY 11209  
347-492-0868

Smart Foods Jersey City, LLC  
Attn: Mohammed Yunus Shabul Hameed\*  
224-236 Brighton Beach Avenue  
Brooklyn, NY 11235  
347-240-2886

**New Jersey**

Mohammed Yunus Shahul Hameed\*  
1 American Dream Way  
East Rutherford, NJ 07073  
201-693-2535

DK New York Holdings, LLC\*  
Attn: Mohammed Yunus Shahul Hameed  
125 E. Broad Street  
Westfield, NJ 07090  
908-228-3980

\*Area Developer

<sup>1</sup> Store temporarily closed to ongoing street construction.

**Texas**

Southern Eateries, LLC\*  
12025 E University Drive  
Frisco, TX 75035  
214-292-0494

Clyde Foods, LLC\*  
2148 Texas Drive  
Sugarland, TX 77479  
281-875-3886

**OUTLETS WITH SIGNED FRANCHISE AGREEMENTS BUT NOT YET OPEN AS OF  
DECEMBER 31, 2024**

NEW YORK

PAK GDK INC

1759 Middle Country Road

Centereach, NY 11720

Phone:

**EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT  
LIST OF FORMER FRANCHISEES AND AREA DEVELOPERS**

**GDK Franchisees and/or Area Developers who had Outlet Terminated, Cancelled, Not Renewed, Transferred or Otherwise Voluntarily or Involuntarily Ceased to do Business under a Franchise Agreement as of the Date of This Disclosure Document or Who has not Communicated with the Franchisor Within 10 Weeks of the Application Date:**

**NONE**

Note: If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

## EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT

### SAMPLE GENERAL RELEASE

**THIS AGREEMENT** (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between **GDK USA, INC.**, a Delaware corporation (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (hereinafter referred to as “Releasor”), wherein the parties hereto, in exchange for good and valuable consideration, the sufficiency and receipt of which is hereby acknowledged, and in reliance upon the representations, warranties, and comments herein are set forth, do agree as follows:

1. Releasor does for itself, its successors and assigns, hereby release and forever discharge generally the Franchisor and any affiliate, wholly owned or controlled corporation, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, or agent of any of them, from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Releasor may now have, or may hereafter claim to have or to have acquired against them of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and anti-trust statutes, rules or regulations, in any way arising out of or connected with that certain Franchise Agreement by and between Franchisor and Releasor, dated \_\_\_\_\_, and all ancillary documents executed in connection therewith, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against the Franchisor, any affiliate, successor, assign, parent corporation, subsidiary, director, officer, shareholder, employee, agent, executor, administrator, estate, trustee or heir, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this Agreement. In the event Releasor breaches any of the promises covenants, or undertakings made herein by any act or omission, Releasor shall pay, by way of indemnification, all costs and expenses of the Franchisor caused by the act or omission, including reasonable attorneys’ fees.

2. Releasor represents and warrants that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Releasor party to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand or suit shall be made or institute against any released party because of any such purported assignment, transfer or subrogation, the assigning or transferring party agrees to indemnify and hold such released party free and harmless from and against any such claim, demand or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

3. Each party acknowledges and warrants that his, her or its execution of this Agreement is free and voluntary.

4. Delaware law shall govern the validity and interpretation of this Agreement, as well as the performance due thereunder, without regard to Delaware’s provisions for conflicts of laws. This Agreement is binding upon and inures to the benefit of the respective assigns, successors, heirs and legal representatives of the parties hereto.

5. In the event that any action is filed to interpret any provision of this Agreement, or to enforce any of the terms thereof, the prevailing party shall be entitled to its reasonable attorneys’ fees and costs incurred therein, and said action must be filed in the State of Delaware.

6. This Agreement may be signed in counterparts, including by electronic transmission and facsimile signature, each of which shall be binding against the party executing it and considered as the original.

7. Releasor further expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of California or any other state laws, and does so understanding and acknowledging the significance and consequences of such specific waiver of Section 1542. Releasor acknowledges that they are or may be represented by counsel, and acknowledge that they are familiar with the provisions of California Civil Code Section 1542, which provides as follows: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR. Releasor acknowledges that he/she/or it may later discover claims or facts in addition to or different from those set forth in this release and which, if known or suspected at the time of executing this release, may have materially affected this Agreement. Nonetheless, notwithstanding the provisions of Section 1542, and for the purpose of implementing a full and complete release and discharge of all claims, Releasor expressly acknowledges that this Release is also intended to include in its effect, without limitation, all claims which they do not know or expect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claim or claims. Releasor waives any rights, claims or causes of action that might arise as a result of such different or additional claims or facts. Notwithstanding the governance of this Release by laws of the State of Delaware, it is the intent of Releasor to waive any right, claim or cause of action as is consistent with the forgoing waiver of Section 1542 of the Civil Code of California.

8. This Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**IN WITNESS WHEREOF**, the parties hereto, intending to be legally bound hereby, have executed this agreement effective as of the date first above.

FRANCHISOR:  
GDK USA, INC.,

RELEASOR:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**THIS EXHIBIT INCLUDES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED DECEMBER 31, 2024, DECEMBER 31, 2023, AND DECEMBER 31, 2022 AND THE UNAUDITED FINANCIAL STATEMENTS FROM JANUARY 1, 2025 TO JULY 31, 2025.**

**THE UNAUDITED FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THE JANUARY 1, 2025 THROUGH JULY 31, 2025 FINANCIAL STATEMENTS OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.**

• **Financial Statements**

• **GDK USA, Inc.**

• December 31, 2024, 2023 and 2022



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To the Stockholder  
GDK USA, Inc.  
Auburn Hills, Michigan

## **Independent Auditor's Report**

### ***Opinion***

We have audited the financial statements of GDK USA, Inc., which comprise the balance sheets as of December 31, 2024, 2023 and 2022, and the related statements of comprehensive loss and changes in stockholder's deficit, and cash flows for the years 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 GDK USA, Inc. as of December 31, 2024, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits 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 GDK USA, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

As discussed in the *Summary of Significant Accounting Principles – Liquidity and Risks and Uncertainties* footnotes to the financial statements, GDK USA, Inc. has not yet generated substantial revenue-producing activities and is subject to all of the risks and uncertainties that startup franchisor companies typically face. GDK USA, Inc. expects to continue incurring operating losses until a certain volume of franchise stores are in operation to cover operating expenses. Accordingly, the ability of GDK USA, Inc., to meet its future obligations is dependent upon continued working capital advances from its ownership group.

### ***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 GDK USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GDK USA, Inc.'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 GDK USA, Inc.'s ability to continue as a going concern for a reasonable period of time.

To the Stockholder  
GDK USA, Inc.  
Page 3

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 audits.

*GBQ Partners LLC*

Cincinnati, Ohio  
September 5, 2025

**GDK USA, INC.**  
**Balance Sheets**  
**December 31, 2024, 2023 and 2022**

	2024	2023	2022
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 1,591	\$ 14,135	\$ 4,333
Accounts receivable, net	185,911	216,778	112,291
Inventory	180,883	232,093	421,091
Prepaid expenses	3,000	3,000	-
Other receivables	9,858	12,550	9,796
Total current assets	<u>381,243</u>	<u>478,556</u>	<u>547,511</u>
<b>Property and Equipment, net</b>	-	4,078	3,339
<b>TOTAL ASSETS</b>	<u>\$ 381,243</u>	<u>\$ 482,634</u>	<u>\$ 550,850</u>
<b>LIABILITIES AND STOCKHOLDER'S DEFICIT</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 100,640	\$ 356,826	\$ 43,557
Accrued expenses	338,110	297,952	311,483
Related party payables	6,368,269	4,920,175	3,432,021
Deferred revenue, current portion	31,247	21,531	9,497
Total current liabilities	<u>6,838,266</u>	<u>5,596,484</u>	<u>3,796,558</u>
<b>Long-term Liabilities</b>			
Deferred revenue, net of current portion	803,992	750,862	718,501
Total long-term liabilities	<u>803,992</u>	<u>750,862</u>	<u>718,501</u>
Total liabilities	<b>7,642,258</b>	6,347,346	4,515,059
<b>Stockholder's Deficit</b>			
Common stock (\$0.01 par; 5,000 shares authorized, 2,000 shares issued and outstanding)	20	20	20
Paid-in capital in excess of par value	145,980	145,980	145,980
Accumulated other comprehensive income	202,180	84,849	255,837
Accumulated deficit	(7,609,195)	(6,095,561)	(4,366,046)
Total stockholder's deficit	<u>(7,261,015)</u>	<u>(5,864,712)</u>	<u>(3,964,209)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S DEFICIT</b>	<u>\$ 381,243</u>	<u>\$ 482,634</u>	<u>\$ 550,850</u>

*The accompanying notes are an integral part of the financial statements.*

# GDK USA, INC.

## Statements of Comprehensive Loss and Changes in Stockholder's Deficit For the Years Ended December 31, 2024, 2023 and 2022

	2024	2023	2022
<b>Revenues</b>			
Food sales	\$ 537,952	\$ 744,601	\$ 752,557
Commissions	52,105	36,035	24,034
Initial franchise fee accretion	27,154	15,605	9,496
Royalty fees	258,683	147,089	43,183
Advertising fees	140,740	84,407	40,948
Total net revenues	<b>1,016,634</b>	1,027,737	870,218
<b>Operating Expenses</b>			
Cost of food sales	668,849	1,021,672	1,044,082
Marketing fund expenses	33,651	100,722	179,498
Brand development	100,386	135,431	162,059
Operating expenses	394,269	351,310	385,071
Payroll expense	843,072	892,235	956,684
Bad debt expense	478,160	273,951	63
Amortization of deferred expenses	-	-	(2,329)
Depreciation expense	1,356	1,299	716
Total operating expenses	<b>2,519,743</b>	2,776,620	2,725,844
Operating loss	<b>(1,503,109)</b>	(1,748,883)	(1,855,626)
<b>Other (Expense) Income</b>			
Realized (loss) gain on foreign currency translation	<b>(10,525)</b>	19,368	(44,888)
Other (expense) income, net	<b>(10,525)</b>	19,368	(44,888)
<b>Net Loss</b>	<b>(1,513,634)</b>	(1,729,515)	(1,900,514)
<b>Other Comprehensive Income (Loss):</b>			
Unrealized gain (loss) on foreign currency translation	<b>117,331</b>	(170,988)	255,837
<b>Comprehensive Loss</b>	<b>(1,396,303)</b>	(1,900,503)	(1,644,677)
<b>Stockholder's Deficit - Beginning of Year</b>	<b>(5,864,712)</b>	(3,964,209)	(2,319,532)
<b>Stockholder's Deficit - End of Year</b>	<b>\$ (7,261,015)</b>	<b>\$ (5,864,712)</b>	<b>\$ (3,964,209)</b>

*The accompanying notes are an integral part of the financial statements.*

**GDK USA, INC.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2024, 2023 and 2022**

	2024	2023	2022
<b>Cash Flows from Operating Activities</b>			
Net loss	\$ (1,513,634)	\$ (1,729,515)	\$ (1,900,514)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation expense	1,356	1,299	716
Loss on disposals of assets	2,722	-	-
Bad debt expense	(478,160)	(273,951)	63
Accretion of initial franchise fees	(27,154)	(15,605)	(9,496)
(Increase) decrease in operating assets:			
Accounts receivable	509,027	169,464	33,063
Inventory	51,210	188,998	(113,719)
Prepaid expenses	-	(3,000)	69,586
Commissions receivable	2,692	(2,754)	(6,033)
Increase (decrease) in operating liabilities:			
Accounts payable	(256,186)	313,269	43,557
Accrued expenses	40,158	(13,531)	(65,811)
Related party payable	1,565,425	1,317,166	1,567,229
Deferred revenue	90,000	60,000	250,000
Net cash (used in) provided by operating activities	(12,544)	11,840	(131,359)
<b>Cash Flows from Investing Activities</b>			
Purchases of property and equipment	-	(2,038)	(1,815)
Net cash used in investing activities	-	(2,038)	(1,815)
Net (decrease) increase in cash	(12,544)	9,802	(133,174)
<b>Cash - Beginning of Year</b>	<b>14,135</b>	<b>4,333</b>	<b>137,507</b>
<b>Cash - End of Year</b>	<b>\$ 1,591</b>	<b>\$ 14,135</b>	<b>\$ 4,333</b>
<b>Supplemental Disclosures of Non-Cash Activities</b>			
Forgiveness of related party deferred expenses	\$ -	\$ 15,000	\$ 162,438

*The accompanying notes are an integral part of the financial statements.*

## **Nature and Scope of Business**

GDK USA, Inc. (the Company), a Delaware corporation, was formed on September 12, 2017 (date of inception) for the purpose of selling DONER KEBAB® Outlet franchises. The Company is a wholly-owned subsidiary of GDK International, Ltd. (GDKI).

The Company is a franchisor and has entered into agreements with franchisees in the United States and Canada. Under the terms of the franchise agreements, franchisees will establish and operate DONER KEBAB® Outlet restaurants, a fast casual counter order/table service/takeaway/delivery concept that features gourmet kebabs made with fresh, locally produced ingredients and a proprietary blend of traditional spices and exclusive products. As of December 31, 2024, 2023 and 2022, there are eight, seven, and seven multi-site development agreements in place, respectively, in the United States and Canada. As of December 31, 2024, 2023 and 2022, there were 12, 10, and four stores in operation, respectively. See *Subsequent Events* footnote.

## **Summary of Significant Accounting Policies**

### Basis of Presentation

The accompanying financial statements have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### Liquidity

As noted, the Company was formed on September 12, 2017, and commenced its primary operations in 2018. As of and for the year ended December 31, 2024, the Company had a net loss of \$1,513,634. As of December 31, 2024, the Company had a stockholder's deficit of \$7,261,015. During 2024, GDKI provided funding of \$1,448,094 which the Company has included with related party payables to fund operations (see *Related Party Transactions note*). Management has a strategic business plan that provides for working with existing franchisees directly to optimize their store sales and minimize expenses, thus proving the overall success of the concept. Further, management plans include acquiring certain key locations from existing franchisees and operating the location directly. In conjunction with the aforementioned plans, the Company intends to continue recruiting new franchisees and working with existing franchisees to develop additional units. Once stores open, the Company will earn a monthly royalty income of 6% of each outlet's gross sales (as defined per the franchise agreement).

The combination of the continued financial support from Hero Brands, Ltd (a related party), GDKI, and management's plan for 2025 is expected to allow the Company to continue for a period not less than one year past the audited financial statements issuance date. Subsequent to December 31, 2024, GDKI provided additional funding of \$1,521,725, which has been recorded as a related party payable.

## **Summary of Significant Accounting Policies** (continued)

### Risk and Uncertainties

The Company has not yet generated revenue producing activities in excess of operating expenses. It is subject to all of the risks and uncertainties typically faced by franchisor companies in the startup stage. The Company expects to continue incurring operating losses until such time as a certain volume of franchise stores are in operation to cover operating expenses. Accordingly, the ability of the Company to meet its future obligations depends upon continued working capital advances from its stockholder, GDKI and financial support from Hero Brands, Ltd.

### Use of Estimates

The preparation of financial statements 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. From time to time, management evaluates these estimates, including those that relate to the deferred revenue impacting revenue recognition, allowance for doubtful accounts, and contingencies. The actual results could differ from those estimates.

### Accounts Receivable

The Company's receivables are primarily due from franchisees and distributors. The Company follows ASC Topic 326, *Financial Instruments – Credit Losses* (ASC 326) which requires the Company to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The carrying amount of receivables is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation considers historical experience, current conditions, and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. The allowance for doubtful accounts was \$477,939, \$230,483, zero and zero at December 31, 2024, 2023, 2022 and 2021 respectively.

In 2023, the Company issued variation letters to certain franchisees that reduced royalty and advertising fees related to 2022 by \$41,680 due to store underperformance. For the year ended December 31, 2023, the Company recorded a bad debt expense of \$273,951 related to the 2022 reduction and continuing collectability issues related to royalty and advertising fees with its franchisees during 2023.

For the year ended December 31, 2024, the Company recorded a bad debt expense of \$478,160 related to the continuing collectability issues related to royalty and advertising fees with its franchisees during 2024.

**Summary of Significant Accounting Policies** (continued)

Inventory

The Company's inventory, which will be sold to the Company's primary food distributor, consists of proprietary sauces, spices, meat and bread as well as packaging held by a third-party. The inventory is stated at the lower of cost (using the first-in, first out method) or net realizable value. Inventory items are subject to spoilage and obsolescence due to expiration dates, changes in demand, and regulatory shelf-life limits.

The Company evaluates inventory for obsolescence and excess quantities on a periodic basis. A reserve for obsolete or slow-moving inventory is established when it is determined that the carrying value of inventory exceeds its estimated net realizable value. Key factors considered in evaluating obsolescence include expiration dates, expected future demand, historical usage trends, and product aging.

Prepaid Expenses

The Company's prepaid expenses consist of vendor credits and chicken quotas regulated by the Chicken Farmers of Canada Directors. The payments for chicken quotas were made as meat was transported across the Canadian border. The prepaid expenses were reduced upon inventory shipment to the franchisees, as the meat is held by third-party vendors in warehouses.

Other Receivables

The other receivables consist of miscellaneous receivables due from the Company's primary vendors for overpayment and/or the sale of certain products to its franchisees for which the Company earns a commission.

Property and Equipment

Furnishings and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Routine expenditures for repairs and maintenance are expensed as incurred.

For the years ended December 31, 2024, 2023 and 2021, depreciation expense was \$1,356, \$1,299, and \$716, respectively. The Company disposed of the remaining assets during the year ending December 31, 2024, resulting in a loss on disposal of assets of \$2,722, included as a component of general and administrative expenses on the statements of comprehensive loss and changes in stockholder's deficit. There were no disposals during the years ended December 31, 2023 and 2022.

**Summary of Significant Accounting Policies** (continued)

Currency Translation

The Company's financial results have been reported in US dollars with amounts translated from other currencies as follows: assets and liabilities at the rate of exchange in effect at the applicable balance sheet date and revenues and expenses at the average exchange rates for the periods. Unrealized gains and losses resulting from the translation to US dollars are accumulated in a separate component of stockholder's deficit described as accumulated other comprehensive income related to the currency translation. For the years ended December 31, 2024, 2023, and 2022, the Company recognized an unrealized gain on currency translation of \$117,038, an unrealized loss on currency translation of \$170,988, and an unrealized gain on currency translation of \$255,837, respectively. The Company recognized unrealized gain (loss) on currency translation as a component of other comprehensive income (loss) on the accompanying statements of comprehensive loss and changes in stockholder's deficit.

Revenue from Contracts with Customers

*Deferred Revenue and Deferred Expenses*

The Company receives deposits from franchisees upon executing their respective multi-site development and franchise agreements. The amounts received are recorded as deferred revenue until the Company satisfies the requirements under the franchise and multi-site development agreements. Revenue from franchise agreements is recognized on a straight-line basis over the term of the agreement as the underlying performance obligation is satisfied. Incremental direct costs, such as commissions, are paid to GDKI and deferred and recognized over the life of the related term of the agreement, consistent with when the related franchise fees are recognized.

At contract inception, the Company assesses the goods and services promised in contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or a bundle of goods and services) that is distinct. To identify the performance obligations, the Company considers all the goods and services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

**GDK USA, INC.**  
**Notes to Financial Statements**  
**December 31, 2024, 2023 and 2022**

**Summary of Significant Accounting Policies** (continued)

Revenue from Contracts with Customers (continued)

*Deferred Revenue and Deferred Expenses* (continued)

As of December 31, 2024, 2023 and 2022, the Company had deferred revenue of \$835,239, \$772,393, and \$727,998, respectively. The Company had deferred expenses of \$0 as of December 31, 2024, 2023 and 2022, respectively. During 2022, GDKI forgave all commissions charged since inception; as such, they were written off, and the related liability was removed. For the years ended December 31, 2024 and 2023, GDKI continued to waive all commissions on new development agreements executed. A summary of significant changes to the deferred revenue and deferred expenses balances are shown below:

	Deferred Revenue	Deferred Expenses
<b>Balance, December 31, 2021</b>	<b>\$ 487,494</b>	<b>\$ 162,438</b>
Initial franchise fees received	250,000	-
Revenue recognition from initial franchise fees	(9,496)	-
Forgiveness of incremental direct costs	-	(165,000)
Forgiveness of incremental direct costs recognized in previous years	-	2,562
<b>Balance, December 31, 2022</b>	<b>727,998</b>	<b>-</b>
Initial franchise fees received	60,000	-
Revenue recognition from initial franchise fees	(15,605)	-
Incremental direct costs incurred	-	15,000
Forgiveness of incremental direct costs	-	(15,000)
<b>Balance, December 31, 2023</b>	<b>772,393</b>	<b>-</b>
Initial franchise fees received	<b>90,000</b>	-
Revenue recognition from initial franchise fees	<b>(27,154)</b>	-
<b>Balance, December 31, 2024</b>	<b>\$ 835,239</b>	<b>\$ -</b>

**Summary of Significant Accounting Policies** (continued)

Revenue from Contracts with Customers (continued)

*Deferred Revenue and Deferred Expenses* (continued)

The following table illustrates the estimated revenue from franchise stores to be recognized in the future related to performance obligations that are unsatisfied as of December 31, 2024:

2025	\$ 31,247
2026	31,997
2027	31,997
2028	31,997
2029	31,997
Thereafter	676,004
	\$ 835,239

*Food sales*

The Company sells meats, bread, packaging, and spices directly to the franchise network-approved food distributors and recognizes revenue upon product shipment.

*Commissions*

The Company earns a commission for selling certain food products between the franchise network-approved food distributor and the franchisee. The commission is earned upon shipment of the product by the food distributor to the franchisee.

*Franchising and Development Fee Revenue*

The Company generates revenues from franchising through individual franchise agreements. When a new franchise is sold, the Company agrees to provide certain services to the franchisee including initial training, new restaurant opening assistance, as well as other ongoing support and training.

The Company also receives revenue from multi-site development agreements signed with franchisees. Multi-site development agreements require the development of a specified number of restaurants within a defined geographic territory in accordance with a schedule of opening dates. Development schedules have benchmarks for the number of restaurants to be opened and in operation within certain intervals. Multi-site development agreement payments are received when the agreement is executed and are nonrefundable.

**Summary of Significant Accounting Policies** (continued)

Revenue from Contracts with Customers (continued)

*Franchising and Development Fee Revenue* (continued)

For new franchise restaurant openings, the Company's current multi-site development agreements require the franchisee to pay an initial, non-refundable fee upon the signing of the agreement and continuing monthly royalty fees and marketing fund fees of 6.0% and 3.0%, respectively, of gross revenues (as defined per the related agreement). The initial term of the franchise agreement is generally ten years. Revenue related to the initial franchise fee will be recognized ratably over the term of the related franchise agreement once the store has opened. Franchisees received certain reductions in royalty and advertising fees throughout 2024, 2023 and 2022 per the terms of their respective variation agreements.

Revenue related to royalty fees and advertising fees are based on restaurant gross sales and are recognized by the Company as earned daily. See the Accounts Receivable policy for management's allowance for doubtful accounts and bad debt expenses.

Advertising and Marketing Fund

The Company has established a marketing fund (Marketing Fund) for advertising, marketing, and public relations programs and materials system-wide. The Marketing Fund is funded by contributions from franchised restaurants based on an established percentage of monthly restaurant revenues (typically 3% of sales). Sales-based advertising fees are recognized as income when those franchisees earn such revenues. If the Marketing Fund is terminated, all unspent funds on the termination date will be distributed to the franchisees in proportion to their respective contributions to the Marketing Fund during the preceding 12 calendar months.

The Company entered into variation agreements to reduce advertising and marketing fees for one, one, and three franchise stores during the years ended December 31, 2024, 2023 and 2022, respectively. The Company recognized \$140,740, \$84,407, and \$40,948 in advertising and marketing fees during the years ended December 31, 2024, 2023 and 2022, respectively, and recognized all related advertising and marketing expenses (see Advertising Expenses).

All such advertising and related costs are expensed as incurred. Marketing and advertising expenses related to the Marketing Fund were \$33,651, \$100,722, and \$179,498 for the years ended December 31, 2024, 2023 and 2022, respectively.

Store Grand Opening Costs

All grand opening costs represent a single performance obligation of a new franchise location to spend a minimum of \$10,000 on an advertising and marketing campaign and \$5,000 on an initial training program. The Company recognizes the revenue once the store has opened as it is satisfying a single performance obligation. See the Accounts Receivable policy for management's allowance for doubtful accounts and bad debt expenses.

## Summary of Significant Accounting Policies (continued)

### Cost of Food Sales

The cost of food sales is recognized at the time of related food sales to the franchise network-approved food distributor. Cost of food sales includes the cost of food as well as transportation, storage, packaging, shipping, damages, and customs charges incurred to transport the purchased products from international places of origin to the USA. For the years ended December 31, 2024, 2023 and 2022, transportation, storage, and packaging costs were not passed onto the franchise network-approved food distributor and amounted to \$324,264, \$270,099, and \$330,194, respectively. As the Company continues to grow its franchise network, these transportation costs will be less material to the cost of food sales as these costs are fixed regardless of how much product is purchased. GDK USA, Inc. also continually reviews its supplier base to change the structure of the supply chain network whilst also leveraging its international supply chain experience to reduce not only the cost of the product but also increase the yield and reduce the cost of damages.

### Advertising Expenses

Advertising expenses are expensed when incurred and relate to expenses incurred to sell the franchise brand to prospective franchisees and startup advertising for its new franchise locations. Advertising expenses for the years ended December 31, 2024, 2023 and 2022 were \$100,386, \$135,431, and \$162,059, respectively, and are included in the accompanying statements of comprehensive loss and changes in stockholder's deficit.

### Income Taxes

The Company, with the consent of its stockholder, elected to be taxed as a C Corporation. The Company will file a U.S. federal income tax return. Income taxes are accounted for using an asset and liability approach. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance related to the deferred income tax asset is recorded when it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Company accounts for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes* (ASC 740). Using that guidance, tax positions are recognized in the financial statements when it is more likely than not that the positions will be sustained upon examination by the tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than 50% likely to be realized upon settlement.

## **Summary of Significant Accounting Policies** (continued)

### Income Taxes (continued)

As of December 31, 2024, the Company had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Additionally, the Company did not incur any interest and penalties related to income taxes.

### Taxes Collected From Customers

The Company collects sales tax from its customers, which is remitted to various state governmental authorities when due. The Company's policy is to record sales tax collected from customers as a component of accrued liabilities in its balance sheets and on a net basis in its statements of comprehensive loss and changes in stockholder's deficit.

## **Cash and Concentration of Risk**

The Company maintains its cash, which may sometimes exceed federally insured limits, in one cash account with one financial institution.

## **Related Party Transactions**

On January 11, 2018, the Company entered into a non-exclusive, perpetual license agreement with GDKI to use the registered name DONER KEBAB® (License Agreement). The Company or GDKI may terminate the License Agreement due to a material breach of any of its provisions. Under the Licensing Agreement, the Company has acquired the right to sell DONER KEBAB® franchises in the United States of America and Canada and collect franchise fees, royalties, and other fees from the franchisees. The Company is required to remit a fee to GDKI based on the number of locations under each multi-site development agreement and franchise agreement. This fee is payable to GDKI upon execution of the multi-site development agreements and/or franchise agreements. GDKI forgave all such fees charged since inception during 2022, which amounted to \$165,000, which were included in deferred expenses on the balance sheets, and \$2,562, which was previously recognized as an expense. GDKI forgave all such fees charged during 2023, which amounted to \$15,000. The Company waived all fees for 2024.

The Company must also remit a royalty fee of 2% of the gross monthly revenue (as defined per the License Agreement) received or receivable by each franchisee. Through December 31, 2024, GDKI waived all royalties owed by the Company under the license agreement for 2024, 2023 and 2022.

**GDK USA, INC.**  
**Notes to Financial Statements**  
**December 31, 2024, 2023 and 2022**

**Related Party Transactions** (continued)

The Company receives financial support from GDKI to fund operations and meet ongoing obligations. The amounts are unsecured, non-interest bearing, and have no specified repayment terms. The Company is economically dependent on GDKI and Hero Brands, Ltd. for financial support. The Company has related party payables as of December 31 as shown below:

	<b>2024</b>	<b>2023</b>	<b>2022</b>
Payable to GDKI			
Working capital advances	\$ 5,936,215	\$ 4,799,661	\$ 3,424,521
Expenses paid on behalf of Company by GDKI	432,054	120,514	7,500
<b>Total</b>	<b>\$ 6,368,269</b>	<b>\$ 4,920,175</b>	<b>\$ 3,432,021</b>

**Income Taxes**

Deferred tax assets and liabilities result from timing differences in revenue and expense recognition between financial reporting and tax statutes. The Company's deferred tax asset as of December 31, 2024, comprises net operating loss carryforwards of \$1,113,589, which do not expire and have been fully offset by a valuation allowance as further described below.

In accordance with ASC 740, deferred income tax assets are evaluated annually to determine if valuation allowances are required or should be adjusted. ASC 740 requires the Company assess whether a valuation allowance should be established against its deferred tax assets based on consideration of all available positive and negative evidence, using a "more likely than not" standard. Based on this analysis, management has provided a full valuation allowance against its gross deferred tax asset as of December 31, 2024, 2023 and 2022, and accordingly, the net deferred tax asset is \$0 for all years presented. The effect of the valuation allowance represents the difference between the effective tax rate and the federal statutory rate.

As of December 31, 2024, 2023 and 2022, there were no reserves for uncertain tax positions or any accrued interest or penalties related to unrecognized tax benefits.

**Commitments and Contingencies**

The Company may sometimes be subject to lawsuits and other charges from franchisees, customers and employees, which are typical within the industry. In the opinion of management, there were no open matters that would have a material effect on the Company's financial position, results of operations, or cash flows.

## **Subsequent Events**

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date on which the financial statements were available to be issued.

### Franchise store activity

Subsequent to year end, one franchised location opened in New York.

Subsequent to year end, two franchised locations closed, one in New York and one in Texas.

Subsequent to year end, the Company acquired three franchised locations in Texas, New Jersey, and New York. Concurrent with the acquisitions, the Company executed agreements to assume the related leases and terminate the existing franchise and development agreements. The assumed lease agreements have monthly rents of \$12,000 to \$33,000, remaining terms of eight years to ten years, and include various lease extension options.

### Consulting agreement

In connection with the acquisition of the Texas location, the Company entered into a consulting agreement with one of the prior owners of the location. Under the agreement, the Company will pay \$200,000 for consulting services within six months of the date of the agreement. As of the date of issuance, the Company has paid \$100,000.

### Related party funding

Through the date of issuance, the Company has received \$1,521,725 in cash to fund continuing operations, which has been recorded as a related party payable.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

**Unaudited Accounts****To July 31st, 2025****Assets****Current Assets**

Cash	146,139
Accounts receivable, net	141,484
Inventory	118,127
Prepaid expenses	56,432
Other receivables	
Total current assets	<b>462,183</b>

Property and Equipment, net

**Total Assets**

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**462,183****Liabilities and Stockholder's Deficit****Current Liabilities**

Accounts payable	322,598
Accrued expenses	67,732
Related party payables	7,306,015
Deferred revenue, current portion	31,247
Total current liabilities	<b>7,727,591</b>

**Long-term liabilities**

Deferred revenue, net of current portion	518,992
Total long-term liabilities	<b>518,992</b>

**Total liabilities**

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**8,246,583**

## Stockholder's Deficit

Common stock (\$0.01 par; 5000 shares authorized, 2,000 shares issued and outstanding_	20
Paid-in capital in excess of par value	145,980
Accumulated other comprehensive income	- 7,068
Accumulated deficit	- 7,923,332
Total stockholder's deficit	<b>- 7,784,400</b>

**Total Liabilities and Stockholder's Deficit**

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**462,183**

**Unaudited Accounts****To July 31st, 2025**

	<b>2025</b>
Food sales	314,707
Commissions	44,532
Initial franchise fee	285,000
Royalty fees	118,888
Advertising fees	63,380
Total revenue	<b>826,507</b>
Cost of food sales	454,603
Marketing fund	146,131
Brand development	18,933
Operating expenses	163,945
Payroll expense	341,796
Amortisation of deferred expenses	-
Bad debt expense	220,511
Depreciation	-
<b>Total operating expenses</b>	<b>1,345,919</b>
Operating loss	- <b>519,412</b>
Realized (loss) gain on foreign currency translation	- 7,068
Net gain / loss	- <b>526,481</b>
Unrealized gain (loss) on foreign currency translation	3,095
Comprehensive loss	- <b>523,385</b>
Stakeholders Deficit - Beginning of Year	- 7,261,015
Stakeholders Deficit - End of Year	- 7,784,400

**EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT**

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**EXHIBIT I TO FRANCHISE DISCLOSURE DOCUMENT  
STATE ADDENDA TO DISCLOSURE DOCUMENT AND  
FRANCHISE AGREEMENT**

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

Preliminary Comment: Each provision of this Appendix to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000 - 31516, and the California Franchise Relations Act, Cal Bus. & Prof. Code §§2000 - 20043, are met independently without reference to this Addendum to the Franchise Disclosure Document.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

1. Item 3 is amended to reflect that:

Neither we nor any person or broker identified in Item 2 of the Franchise Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

2. Item 6 is amended to reflect that the maximum interest rate allowed in California is 10%.
3. Item 17 is amended by the addition of the following statements:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise 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.).

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Corporations, before we solicit a proposed material modification of an existing franchise.

The Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires the application of the laws and forum of Delaware. This provision may be unenforceable under California Law.

The Franchise Agreement requires you to sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California 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).

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.

4. The following is added to Item 1 of the FDD: Franchisees located in California are required to comply with all applicable California labor laws, including labor laws that may apply to certain fast food restaurant industry employees. (Please note that this is only applicable to restaurants that are part of a restaurant chain of at least 60 establishments nationwide.) Specifically, California franchisees operating certain fast food restaurants must comply with Part 4.5.5 (commencing with Section 1474) of Division 2 of the California Labor Code (codifying Assembly Bill No. 1228) which established the California Fast Food Council (“CFFC”) which has the authority to increase the hourly minimum wage subject to certain limitations, and to set forth requirements, limitations, and procedures for adopting and reviewing fast food restaurant health, safety, and employment standards in California.
5. The following is added to Item 7 of the FDD: Compliance with the bill law may increase your expenses (including increased wages) and the amount of your initial investment. You may review the Department of Industrial Relations website at Fast Food Minimum Wage Frequently Asked Questions ([ca.gov](http://ca.gov)) for further information and consult with an attorney specializing in labor law in determining any additional costs.
6. The following is added to Item 19 of the FDD: The financial performance representation figures do not reflect the costs of sales or operating expenses (including labor expenses), which are subject to Part 4.5.5 [commencing with Section 1474] of Division 2 of the California Labor Code that created the CFFC which may increase minimum wages annually, subject to certain limitations) that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. The best source of cost and expense data may be from franchisees and former franchisees, some of whom may be listed in Item 20.
7. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.
8. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dpfi.ca.gov](http://www.dpfi.ca.gov).

10. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et. seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et. seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. 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.

b. The 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.).

c. The Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

d. The Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

e. The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

f. The Agreement references the maximum interest rate allowable by law. Under California law, the maximum interest rate that may be charged is 10%.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the California Business and Professions Code, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

3. No disclaimer, questionnaire, clause or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim or fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any documents executed in connection with the franchise.

4. 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.

5. The following is added to Item 1 of the FDD: Franchisees located in California are required to comply with all applicable California labor laws, including labor laws that may apply to certain fast food restaurant industry employees. (Please note that this is only applicable to restaurants that are part of a restaurant chain of at least 60 establishments nationwide.) Specifically, California franchisees operating certain fast food restaurants must comply with Part 4.5.5 (commencing with Section 1474) of Division 2 of the California Labor Code (codifying Assembly Bill No. 1228) which established the California Fast Food Council (“CFFC”) which has the authority to increase the hourly minimum wage subject to certain limitations, and to set forth requirements, limitations, and procedures for adopting and reviewing fast food restaurant health, safety, and employment standards in California.

6. The following is added to Item 7 of the FDD: Compliance with the bill law may increase your expenses (including increased wages) and the amount of your initial investment. You may review the Department of Industrial Relations website at [Fast Food Minimum Wage Frequently Asked Questions \(ca.gov\)](#) for further information and consult with an attorney specializing in labor law in determining any additional costs.

7. The following is added to Item 19 of the FDD: The financial performance representation figures do not reflect the costs of sales or operating expenses (including labor expenses), which are subject to Part 4.5.5 [commencing with Section 1474] of Division 2 of the California Labor Code that created the CFFC which may increase minimum wages annually, subject to certain limitations) that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. The best source of cost and expense data may be from franchisees and former franchisees, some of whom may be listed in Item 20.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

Payment of Initial Franchise Fees owed to Franchisor/affiliate will be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

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.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

The Franchise Agreement between GDK USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

ILLINOIS LAW MODIFICATIONS

1. Illinois law governs the Franchise Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

Payment of Initial Franchise Fees owed to Franchisor/affiliate will be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

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.

In the Franchise Agreement, Section 19.13, Entire Agreement, is amended to state:

*Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.*

<Signatures on Following Page>

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
MULTI-SITE DEVELOPMENT AGREEMENT  
FOR THE STATE OF ILLINOIS**

The GDK USA, Inc. Multi-Site Development Agreement between GDK USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

ILLINOIS LAW MODIFICATIONS

1. Illinois law governs the Franchise Agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.

Payment of Initial Franchise Fees owed to Franchisor/affiliate will be deferred until the Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

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.

. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

Item 5 of the Franchise Disclosure Document is amended to include the following paragraph:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the multi-site development agreement opens.

Item 17 of the Franchise Disclosure Document is amended to include the following paragraph:

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the Franchise Disclosure Document is amended to include the following sentence:

A provision in the Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Franchise Disclosure Document is modified to include the words:

“a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Franchise Disclosure Document is amended to include the following:

The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

MARYLAND LAW MODIFICATION

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010) (the “Law”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

c. Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

d. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the multi-site development agreement opens.

3. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

4. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

5. 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.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
MULTI-SITE DEVELOPMENT AGREEMENT  
FOR THE STATE OF MARYLAND**

The Multi-Site Development Agreement between GDK USA, INC., a Delaware corporation (“GDK”) and \_\_\_\_\_ (“Developer”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

MARYLAND LAW MODIFICATION

1. The Multi-Site Development Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a Developer to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

2. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

5. 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.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Developer on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

DEVELOPER:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

1. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
2. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
3. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
4. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
5. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
6. No statement, questionnaire, or acknowledgement 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 with the franchise.

Item 5 of the Franchise Disclosure Document is amended as follows:

The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

The following is added to Item 17 of the Franchise Disclosure Document:

Under Minnesota law and except in certain specified cases, GDK USA, INC. must give you 90 days' notice of termination with 60 days to cure. GDK USA, INC. also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J. prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400J. prohibits us from requiring you to consent to liquidated damages and prohibits waiver of a jury trial. If the Franchise Agreement contains a provision that is inconsistent

with the Minn. Rule, the provisions of the Franchise Agreement will be superseded by the Minn. Rule's requirements and will have no force or effect.

Minn. Rule 2860.4400J. prohibits us from requiring you to pay a termination fee. To the extent that the Franchise Agreement requires you to pay a termination fee, the provisions of the Franchise Agreement will be superseded by the Minn. Rule's requirements and will have no force or effect.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

MINNESOTA LAW MODIFICATION

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act. Minn. Stat. Section 80C.01 et. seq., and the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and/or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14. Subds. 3, 4, and 5 requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat. 80C.1, Subd. 5, may not be enforceable under Minnesota law.

f. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Ch. 80C, including your rights to any procedure, forum, or remedies provided for in that law.

2. The Franchise Agreement is amended as follows:

The payment of all initial fees to us is deferred until we have satisfied all of our pre-opening obligations to you and you have commenced doing business pursuant to the franchise agreement.

3. The Agreement and/or Franchise Disclosure Document is hereby amended to delete all references to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse Franchisee from liability for actual or other damages and the formula for Liquidated Damages

in the Agreement and/or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
5. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
6. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
7. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
8. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
9. No statement, questionnaire, or acknowledgement 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 with the franchisee.
10. To the extent required by Minnesota Law, the Agreement and/or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.
11. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Minnesota Law applicable to the provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity

as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF NEW YORK**

The Franchise Agreement between **GDK USA, INC.**, a Delaware corporation (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Franchise Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

NEW YORK LAW MODIFICATION

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any

national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

6. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above..

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT AND MULTI-SITE DEVELOPMENT AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**NORTH DAKOTA LAW MODIFICATION**

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 to 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

i. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF RHODE ISLAND**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**RHODE ISLAND LAW MODIFICATIONS**

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law Tit. 19 Ch. 28.1 Sections 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that re inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-21.1-14.

b. If this Agreement requires that it be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Rhode Island Franchise Investment Act, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for GDK USA, INC. is supplemented by the following:

“Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

12. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

13. **“Any securities offered or sold by the Investor Franchisee as part of the GDK USA, INC. Franchise must either be registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.”**

14. No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON**

**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 general release of claims, release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act, RCW 19.100, 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.

Sections 1.2(d) and (e), and Section 3.2(d) are hereby deleted from the Franchise Agreement.

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.

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF WASHINGTON**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

WASHINGTON LAW MODIFICATIONS

**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 general release of claims, release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act, RCW 19.100, 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.

Sections 1.2(d) and (e), and Section 3.2(d) are hereby deleted from the Franchise Agreement.

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.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
MULTI-SITE DEVELOPMENT AGREEMENT  
FOR THE STATE OF WASHINGTON**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Developer”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

WASHINGTON LAW MODIFICATIONS

**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 general release of claims, release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act, RCW 19.100, 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.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO  
GDK USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

The Franchise Agreement between GDK USA, INC., a Delaware corporation (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

WISCONSIN LAW MODIFICATIONS

1. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is hereby amended to add the following provision:

For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days’ prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default, and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between the Company and Franchisee inconsistent with the Law.

3. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Washington law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

GDK USA, INC.  
a Delaware corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT J**  
**NON-DISCLOSURE AGREEMENT**

## NON-DISCLOSURE AGREEMENT

THIS NON-DISCLOSURE AGREEMENT (“Agreement”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”) by and between GDK USA, Inc., with an address of 11015 Beauty Lane, Dallas, Texas 75229 (“Disclosing Party”), and \_\_\_\_\_, with an address of \_\_\_\_\_ (“Receiving Party”).

### RECITALS

- A. WHEREAS, Disclosing Party is the franchisor of the GDK franchise system;
- B. WHEREAS, Receiving Party is a prospective franchisee of Disclosing Party and wishes to learn more information about the GDK franchise system;
- C. WHEREAS, as part of considering whether to purchase a GDK franchise, the Receiving Party may receive access to and review certain trade secrets and confidential information of the Disclosing Party. As a condition to receiving such information, the Receiving Party agrees to treat confidentially such information and any other information which Disclosing Party furnishes to Receiving Party or to which Receiving Party is afforded access.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed that:

### TERMS AND CONDITIONS

1. Recitals. The recitals contained herein are true and correct and are incorporated herein by reference.
2. Confidential Information. As used in this Agreement, “Confidential Information” means and includes any and all information, data, documents or materials provided or made available by the Disclosing Party to the Receiving Party, in whatever form (*e.g.*, printed, written, oral, recorded, electronic, etc.) and by whatever mode (*e.g.*, company presentation, slide show, video, film, facility tour, meeting, interview, telephone conference or call, e-mail, provision of documents, etc.) in which it is communicated, recorded or maintained, that contains or otherwise reflects information concerning the Disclosing Party, its affiliates or its business, including but not limited to, its and its affiliates’ operations, plans, designs, layouts, specifications, procedures, menus, recipes, marketing plans, formulas, programs, technology, markets, services, products, prospects, employees, owners, customers, suppliers, partners, or financial condition. The term “Confidential Information” also includes all manuals of the Disclosing Party, reports, analyses, memos, notes or other information prepared or otherwise obtained by the Receiving Party which are based on or derived from, or which contain or reflect, any Confidential Information, regardless of the form in which such information is communicated, recorded or maintained.

Confidential Information shall not include information otherwise described above that the Receiving Party can establish: (a) is or becomes generally available to or known by the public (other than as a result of a disclosure directly or indirectly by the Receiving Party or any of its employees, agents or advisors); (b) is or becomes available to the Receiving Party or any of its employees, agents or advisors on a non-confidential basis from a source other than the Disclosing Party, provided that such source is not and was not bound by a confidentiality and/or non-disclosure agreement with, or have other similar obligations to, the Disclosing Party; or (c) has been independently acquired or developed by the Receiving Party or any of its employees, agents or advisors without violating any of its obligations under this Agreement.

3. Confidentiality. The Confidential Information shall be held and treated by the Receiving Party in utmost and strictest confidence. The Confidential Information shall not, without the prior written consent of the Disclosing Party, be disclosed by the Receiving Party in any manner whatsoever, in whole or in part. The Confidential Information shall not be used by the Receiving Party other than for the specific purpose of considering whether to purchase a GDK franchise. The Receiving Party agrees to restrict circulation of Confidential Information within its own organization to those partners and advisors who need to receive such Confidential Information in order for the Receiving Party to decide whether he or she will purchase a GDK franchise. Each partner or advisor of the Receiving Party to whom Confidential Information is disclosed shall be obligated to hold said information in confidence and otherwise to comply with the terms of this Agreement. The Receiving Party shall diligently monitor all access to Confidential Information, and upon request by the Disclosing Party, the Receiving Party shall promptly furnish a list of individuals with access to the Confidential Information.

In the event that the Receiving Party becomes legally compelled or required to disclose any of the Confidential Information to a third party by order of a court or other authority of competent jurisdiction, the Receiving Party shall provide the Disclosing Party with notice as far in advance as practicable so that the Disclosing Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Agreement, in the sole discretion of the Disclosing Party. In any event, the Receiving Party will furnish only that portion of the Confidential Information which it is legally required to furnish. The Receiving Party shall immediately advise the Disclosing Party in writing if it learns of any unauthorized use or disclosure of Confidential Information by the Receiving Party, its employees, agents or advisors.

4. Ownership and Return of Information. The parties acknowledge and agree that all Confidential Information disclosed is confidential and proprietary to the Disclosing Party and shall remain the exclusive property of the Disclosing Party. At the request of the Disclosing Party, the Receiving Party shall promptly return or destroy any and all Confidential Information including all copies thereof, on any storage medium whatsoever, in its possession or in the possession of any of its employees, agents or advisors and will not retain any copies or other reproductions in whole or in part of such material.

5. Remedies. The parties acknowledge that unauthorized disclosure or use of the Confidential Information may cause the Disclosing Party irreparable harm and significant injury that may be difficult to ascertain. Accordingly, the parties understand and agree that, in addition to any other rights including the right to damages, the Disclosing Party shall be entitled to equitable relief, including injunction, in the event of any breach of this Agreement. The Receiving Party shall be responsible and held liable for any breach of this Agreement by its employees, agents, contractors or other representatives.

6. Representations. The Receiving Party understands and agrees that the Disclosing Party, nor its affiliates, agents, advisors or representatives: (i) have made or make any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information (or any portion thereof); or (ii) shall have any liability whatsoever to the Receiving Party (or any of its employees, partners, agents, representatives or affiliates) relating to or resulting from any errors in, or omissions from, the Confidential Information, unless otherwise set forth in a separate written agreement between the parties.

7. Survival. The confidentiality provisions of this Agreement shall survive and apply whether or not the Receiving Party purchases a GDK franchise and enters into a franchise agreement.

8. Miscellaneous

a. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Notwithstanding the foregoing, the Receiving Party shall not assign its rights or obligations under this Agreement.

b. Non-waiver. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein. No waiver of any provisions of this Agreement shall be effective unless it is in writing, signed by the party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

c. Attorney's Fees, Costs and Expenses. In any action or proceeding to enforce this Agreement, including any appeals or post judgment proceedings, the prevailing party shall be entitled to recover from the other party the reasonable attorneys' fees, court costs, filing fees, publication costs and other expenses incurred by the prevailing party in connection therewith.

d. Venue, Jurisdiction and Governing Law. The Agreement shall be interpreted, construed and enforced in accordance with the laws of the State of Delaware. Venue for any litigation involving or relating to this Agreement shall be Dover County, Delaware. The parties agree to submit to the exclusive jurisdiction of the courts of Dover County, Delaware for any such litigation.

e. Rule of Construction. The terms and conditions set forth in this Agreement are the product of mutual draftsmanship and/or review by the parties hereto, each having the opportunity to be represented by counsel. Any ambiguities in this Agreement or any agreement prepared or to be prepared pursuant to or in connection with this Agreement shall not be construed against any one party because of the draftsmanship. The Agreement shall be interpreted in a neutral fashion consistent with the intent of the parties as stated herein.

f. Notices. Any notice, request, demand, instruction, or other communication to be given to any party to this Agreement, shall be in writing and shall be sent either by: registered or certified mail; hand delivery; by Federal Express or other reputable courier service, and shall be deemed delivered upon receipt of said notice. Unless and until written notice of a change of address is given in writing and received, the addresses as provided in the first paragraph hereof shall be deemed to continue in effect for all purposes. The addresses for the purposes of this section may be changed by giving written notice hereunder.

g. Modification of Agreement and Merger. This Agreement, including any exhibits attached hereto and made part hereof, constitutes the entire agreement of the parties with respect to the subject matter hereof. This Agreement may not be supplemented, modified or revised in any manner except by a single writing signed by all parties hereto, no additional consideration required. There are no prior or contemporaneous oral promises, representations or agreements not set forth herein inducing entry into this Agreement and all prior negotiations, discussions, statements and representations are merged into this Agreement. The provisions of this paragraph cannot be modified by conduct, oral agreement or written agreement, unless signed by all parties hereto.

h. Authority to Sign. By signing this Agreement, each party represents and warrants to all other parties that its execution of this Agreement is duly authorized in accordance with applicable laws relating to such parties, that this Agreement is fully enforceable according to its terms

against such executing party and that the individual executing on any corporation's behalf has the requisite power and authority to do so.

i. Severability. If at any time any provision of this Agreement is deemed to contravene any provision of Local, State or Federal law, said provision shall be deemed amended to conform to such law or be considered null and void. All other provisions of this Agreement shall continue in full force and effect. If any provision of this Agreement is at any time rendered invalid, the enforceability of the remaining portions of this Agreement shall continue in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first written above.

DISCLOSING PARTY:  
GDK USA, INC.  
a Delaware corporation

RECEIVING PARTY:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT K TO FRANCHISE DISCLOSURE DOCUMENT

### STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
California	Not Registered
Hawaii	Not Registered
Illinois	Pending
Indiana	September 24, 2025
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

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 L TO FRANCHISE DISCLOSURE DOCUMENT  
RECEIPTS**

## RECEIPT

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 GDK USA, INC. offers you a franchise, it must provide this disclosure document to you 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 franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If GDK USA, INC. 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Daniel Bunce 11015 Beauty Lane, Dallas, Texas 75229 (248) 513-1249

Issuance date: September 5, 2025

GDK USA, INC. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated September 5, 2025, that included the following Exhibits:

A.	State Agencies/Agents for Service of Process	G.	Financial Statements
B.	Franchise Agreement	H.	Table of Contents - Manual
C.	Multi-Site Development Agreement	I.	State Addenda to and Riders
D.	List of Current Franchisees and Area Developers	J.	Non-Disclosure Agreement
E.	List of Former Franchisees and Area Developers	K.	State Effective Dates
F.	Sample General Release	L.	Receipts

Date: \_\_\_\_\_  
(Do not leave blank)

Signature of Prospective Franchisee

Proposed Location: \_\_\_\_\_  
(city/state)

Print Name: \_\_\_\_\_

*Please retain this copy for your records.*

**RECEIPT**

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 GDK USA, INC. offers you a franchise, it must provide this disclosure document to you 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 franchise sale. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If GDK USA, INC. 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise:

Daniel Bunce 11015 Beauty Lane, Dallas, Texas 75229 (248) 513-1249

Issuance date: September 5, 2025

GDK USA, INC. authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a disclosure document dated September 5, 2025, that included the following Exhibits:

A.	State Agencies/Agents for Service of Process	G.	Financial Statements
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D.	List of Current Franchisees and Area Developers	J.	Non-Disclosure Agreement
E.	List of Former Franchisees and Area Developers	K.	State Effective Dates
F.	Sample General Release	L.	Receipts

Date: \_\_\_\_\_  
(Do not leave blank)

Signature of Prospective Franchisee

Proposed Location: \_\_\_\_\_  
(city/state)

\_\_\_\_\_  
Print Name: \_\_\_\_\_

You may return this signed receipt either by signing, dating, and mailing it to GDK USA, INC., Attn: Daniel Bunce at 11015 Beauty Lane, Dallas, Texas 75229; (248) 513-1249, or by emailing a copy of this signed and dated receipt to GDK USA, INC. at [daniel@gdk.com](mailto:daniel@gdk.com)