

Year Business Began: 1980 Franchising Since: 2018 Headquarters: Buffalo, NY

Franchise Description: The franchisor is Gino's Italian Bakery. The franchisor offers qualified purchasers the right to establish and operate, from a single location, a retail establishment preparing and selling baked goods and specialty cakes, cookies and custom orders. Additional franchise options include: non-traditional locations, satellite locations, community development program locations, airport terminal locations, theme park locations, and national park locations. An Exclusive Area Development Program is also available.

Training Overview: All individuals who sign the Franchise Agreement as a franchisee must attend and complete the two-week long Training program to the franchisor's satisfaction. Prior to attending the training program, the franchisor strongly recommends that franchisees work at an existing bakery for a minimum of 40 hours after they have purchased the franchise. In order to successfully complete the Training program, franchisees must have: (i) perfect attendance; (ii) an 80% grade on all prerequisite web-based training courses and in the in-store component of the course; (iii) an 80% average of the in-classroom quizzes. The on-the-job training site is a Gino's bakery located within close proximity of Buffalo, NY. Classroom work accounts for approximately 54 hours, and franchisees will have approximately 33 hours of on-the-job training. Franchisees will be notified when additional courses become required.

Territory Granted: Franchisees will not receive an exclusive territory under the Franchise Agreement or any related agreements. The franchisor may grant franchisees limited exclusivity rights to a territory under its Exclusive Area Development Program.

Obligations and Restrictions: Even if franchisees do not personally supervise their bakery they must attend and satisfactorily complete the training program, unless the franchisor permits otherwise. Even if franchisees choose to employ a manager to supervise their bakery, the franchisor strongly recommends they personally devote a substantial amount of time to the franchised business. Franchisees must operate the bakery in strict compliance with all required methods, procedures, policies, standards, and specifications of the Gino's Italian Bakery system in the Operations Manual and in other writings issued by the franchisor.

Term of Agreement and Renewal: The length of the franchise term is 20 years, with the exception of a satellite bakery. The franchise will automatically renew for additional 20 year periods, unless either party chooses not to renew, except for satellite bakery. The franchisor has the right to refuse renewal if franchisees are not in full compliance.

Financial Assistance: The franchisor offers an equipment leasing program available to all franchisees in the United States (not including Puerto Rico), except those who are not in compliance with the Operations Manual. The

franchisor deems the equipment lease to be a true lease and not a financing lease. Equipment leases are written for term of five years. In rare circumstances, one of the franchisor's affiliates will acquire real estate and construct a free-standing bakery under the Bakery - Beta Program. After construction, including the leasehold improvements according to the franchisor's requirements, a Gino's Italian Bakery franchisee will lease the premises. The terms and purposes of these loans are negotiable. The franchisor may change or eliminate these loan programs and equipment leasing program without any prior notice to franchisees.

Investment Tables:

Name of Fee	1,000 sq.ft	3,000 sq.ft and higher
Initial Franchise Fee	\$25,000	\$100,000
Real Property	\$2,000	\$12,000
Leasehold Improvements	\$5,000	\$50,000
Equipment Lease Security Deposit	\$7,500	\$15,500
Optional Security System	\$2,450	\$3,550
Freight Charges (varies by location)	\$3,000	\$5,800
Outside Signage	\$1,600	\$8,000
Opening Inventory (varies on sizes larger than 1500 square feet).	\$2,400	\$4,400
Insurance	\$1,200	\$5,000
Supplies	\$500	\$1,300
Training Expenses (including travel & lodging) WNY - N/A	\$2,500	\$4,500
Legal and Accounting	\$1,000	\$3,500
Opening Advertising	\$2,500	\$4,000

Miscellaneous Expenses (business license, utility deposits & small equipment)	\$4,000	\$8,000
Additional Funds – three months	\$12,000	\$42,000
Estimated Total*	\$87,650	\$342,550

*The estimated initial investment range covers from a Non-Traditional Location size up to a Traditional Location size

Type of Fee	Amount
Royalty	6% of total gross sales.
Advertising	1.5% of total gross sales.
Additional Funds	Established by franchisees.
Local Advertising	Established by franchisees.
Grand Opening Advertising	\$2,000
Audit	Overdue amount.
Fees for Unpaid Balances (when payment is more than one week late)	Interest charge of 12% (or maximum allowed by law where the bakery is located) per annum on amount owed by franchisee.
Fees for Unpaid Balances (when payment is more than one week late)	Late fee of 10% (or maximum rate allowed by law where the bakery is located) per annum of amount owed by franchisee may be charged.
Fees for Unpaid Balances (when the franchisee defaults on payments because of a bank change without notice)	\$50
Fees for Unpaid Balances (bounced check or pre-authorized draft)	\$30

Fees for Unpaid Balances (When Gino's Italian Bakery or its affiliate incurs the expense)	Costs of collection, including lawyers' fees.
Transfer	\$7,500 plus \$3,000 for any satellite (\$3,750, plus \$1,500 for any satellite if the franchisee transfers to or transfers by adding their spouse or child to the franchise agreement)
Location Rent/License Fee	\$1,000 - \$6,000 per month, estimated.
Equipment lease	\$2.70 per month per \$100
Equipment Lease (upon transfer)	Transfer fee of 5% of buyout price.
Equipment Lease (upon early termination)	Early termination fee of remainder of monthly payments, limited to 18 months' payments.
Equipment Purchase and Freight Charges	Cost of equipment and buffer to cover freight charges, taxes, and other costs.
Insurance	\$1,200 - \$5,000 per year.
Indemnification	All liability, damages, and costs, including lawyers' fees, incurred.
Non-compete Violation	\$15,000 for each competing store plus 8% of its gross sales
Confidentiality Violation	The franchisor's damages.
Trademark Violation	\$250 per day.
Operations Manual	\$50, subject to change in the future.

<p>Dispute Resolution</p>	<p>Half of arbitration fee, except franchisee will pay the whole fee plus costs, including lawyers' fees, management preparation time, and travel expenses if he/she withholds money from the franchisor or an affiliate.</p> <p>If the franchisee breaches the provisions of the Franchise Agreement regarding mandatory arbitration, or restrictions on damages or against whom he/she can arbitrate, or the proper forum for an action, the franchisee will pay Gino's Italian Bakery's expenses and the expenses of anyone named improperly, including lawyers' fees; the franchisee will be liable for abuse of process.</p> <p>Probationary Case Management Fee - \$500; Probationary Extension Fee - \$250; Interim Order Case Management Fee - \$250; Litigation Expense Fee to permit sale of the location - 5% of gross consideration received for sale of bakery, not to exceed \$5,000.</p>
<p>Co-Brand Continuing Fee</p>	<p>0% - 8% of total gross sales of a co-brand concept.</p>
<p>Fees Charged by Co-Brand Franchisor</p>	<p>Fees and rates set by third party co-brand franchisor.</p>
<p>Optional Store Listing Service</p>	<p>\$100 for each 90 day period.</p>

<p>Software License and Maintenance Fees - Gino's Italian Bakery</p>	<p>No monthly software maintenance fee if the bakery is located in the United States. The franchisor may charge one in the future.</p> <p>\$35 monthly software maintenance fee if the bakery is located in a territory of the United States.</p>
<p>Required Payment Options</p>	<p>Payment Processing Fees:</p> <ul style="list-style-type: none"> -Acquirer Fee is \$.0135 per transaction, subject to future changes -Network and Interchange Fees vary depending on card brand and type of transaction. AMEX Network fee is up to 2.7% of the total transaction amount or 1.85% plus \$.05 for a prepaid card transaction. Typical Network and Interchange fees for VISA, MasterCard and Discover range from \$.22 per transaction to 2.4% of the total transaction amount plus \$.10; subject to future changes -Referral Fee is \$.008 -Card Not Present Transaction Fee is \$.115 per transaction. This fee may increase in the future.
<p>Gino's Italian Bakery Card Fees</p>	<ul style="list-style-type: none"> - Initial fee of approximately \$200. - Redemption Fee equal to 2.5% of each transaction amount that applies when a Gino's Italian Bakery Card is redeemed. - Additional Gino's Italian Bakery Card supply costs \$0.10 per card. - Gino's Italian Bakery Card envelope, POP & Marketing Materials approximately \$40 annually.
<p>Other Technology and Digital Initiatives</p>	<p>Varies as the franchisor implements various new technology initiatives.</p>

Customer Complaint Resolution Fee	\$2 - \$20 per incident.
Taxes and Other Fees	Varies by State.
Training Fee	None; unless the franchisor grants franchisees permission to bring their store manager to training or they sign a rider which requires them to send their Manager or Director of Food Services to Training Program and they cannot prove that the store Manager, or Director is their employee and not a prospective franchisee, in which case franchisees must pay \$7,500.
Optional Loss Prevention Program Fees	None; however, if franchisee fails to complete the program Gino's Italian Bakery will charge an administrative fee of \$1,000.
Customer Complaint Resolution Fee	\$2-\$20 per incident
Limited Time Offering Auto Shipment	Varies as the franchisor implement new Limited Time Offerings.