



TAZIKI'S[®]

MEDITERRANEAN CAFE

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Franchised Units:	63	In Business Since:	1998	Royalty:	4%
Company-Owned Units:	<u>19</u>	Average Franchise Fee:	\$35K	IFA Member:	No
Total Operating Units:	82	Total Investment Range:	\$468-831K	Term of Initial Contract:	10 Years

COMPANY'S DESCRIPTION HERE
(MAX. 600 WORDS & 2 IMAGES)

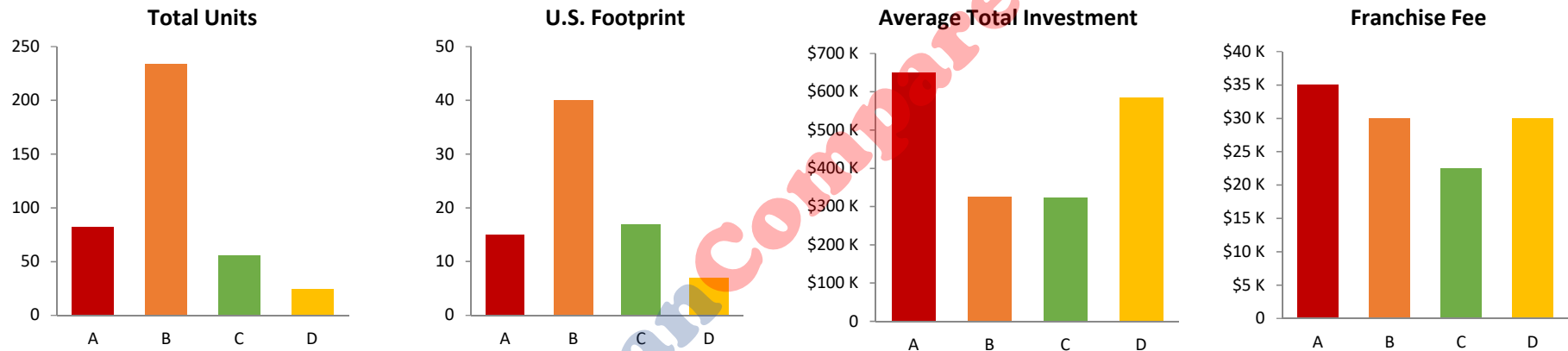
FranCompare™ Franchise Recognition Program 2019

Mediterranean Restaurants Industry

	Company Name (DBA)	Legal Name	Final Score
A	Taziki's Mediterranean Café	Taziki's Franchising, LLC	828
B	Pita Pit	Pita Pit, Inc.	729
C	Great Wraps	Great Wraps, Inc.	679
D	Garbanzo Mediterranean Fresh	Garbanzo Mediterranean Grill Franchising, LLC	664

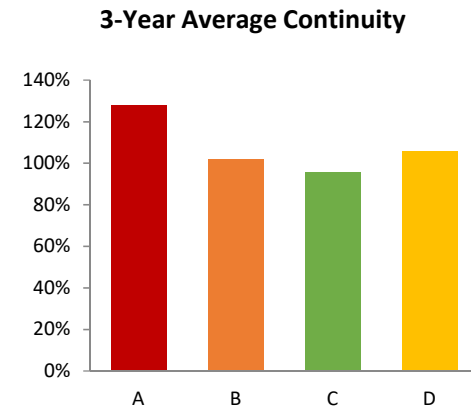
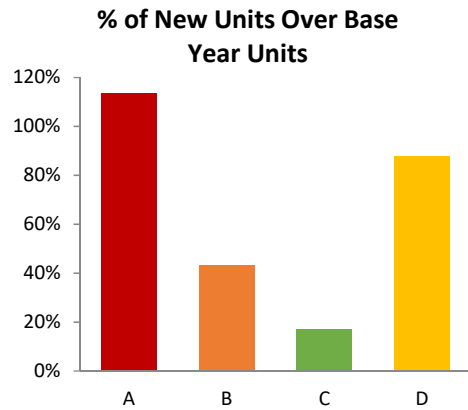
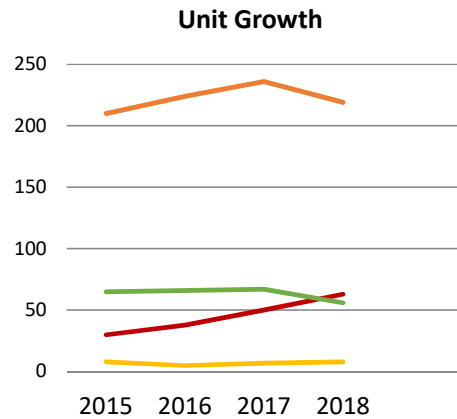
Key Unit Investment Variables

30%



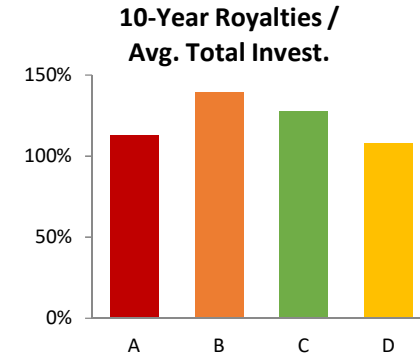
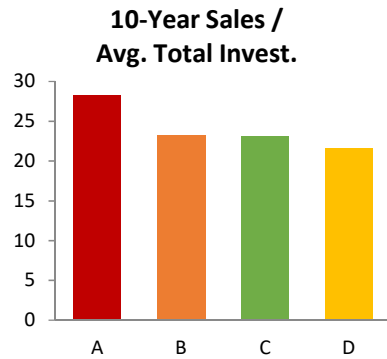
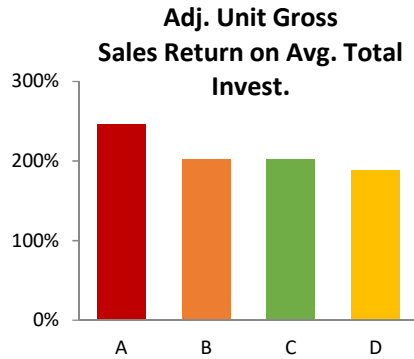
- **Total Units** is a valuable measure if recent growth was accompanied by proper support. Meteoric growth, however, with the help of third parties, frequently means franchisees are left to fend for themselves while management focuses on growth for its own sake.
- The greater the **Footprint/Geographical Coverage**, the better all franchisees are served. Only U.S. states are included.
- For the purpose of the Franchise Matrix™ analysis, the **Average Total Investment** is used in all cases.
- The **Franchise Fee** should not significantly exceed the franchise fee of its primary competitors.

	Taziki's Mediterranean Café		Pita Pit		Great Wraps		Garbanzo Mediterranean Fresh		
Weighting for Primary FDD Variables (300 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Year-End Total Franchised Units	63		219		56		8		
Year-End Total Company-Owned Units	19		15		0		16		
Year-End Total Units	82	35	234	48	56	30	24	20	50
% of Franchised Units	76.8%		93.6%		100.0%		33.3%		
% of Company-Owned Units	23.2%	10	6.4%	10	0.0%	0	66.7%	5	10
U.S. Footprint (# of U.S. States)	15	26	40	35	17	26	7	15	35
Total Low Investment	\$468,000		\$216,354		\$159,500		\$387,400		
Total High Investment	\$831,000		\$435,103		\$485,500		\$783,967		
Average Total Investment Per Unit	\$649,500		\$325,729		\$322,500		\$585,684		
Low Unit Size Estimate (Square Feet)	2,000		1,000		No Data		1,500		
High Unit Size Estimate (Square Feet)	2,000		1,400		No Data		2,500		
Average Unit Size (Square Feet)	2,000		1,200		N/A		2,000		
Average Total Investment Per Square Feet	\$325		\$271		N/A		\$293		
Average Franchise Fee (Single Unit)	\$35,000	24	\$30,000	30	\$22,500	35	\$30,000	30	40
Average Annual Royalty Fee (On-Going After Trial Period)	4.0%	90	6.0%	80	5.5%	83	5.0%	85	90
Term of Initial Contract (Years)	10	20	10	20	15	30	10	20	35
Term of First Contract Renewal (Years)	5+5+5+5	20	10	11	10	11	Unclear	10	20
Average Transfer Fee (Single Unit)	\$17,500	3	\$7,000 + PPI	8	\$11,250	5	\$15,000	5	10
Year Incorporated	1998	10	1995	10	1988	10	2007	7	10
Franchising Since	2013		1999		1989		2009		
Issuance Date of FDD (Issue Date)	4/20/2018		3/22/2018		3/15/2018		4/30/2018		



- **3-Year Compound Annual Unit Growth** measures the unit growth from base year to end of 2017. Assuming proper support on the part of the franchisor, higher growth is rewarded. Steady and controlled **Unit Growth** are preferred over meteoric growth. Negative unit growth raises red flags.
- **% of New Units Over Base Year Units** is the Total End of 2017 Units divided by Base Year Beginning Units.
- **3-Year Average Continuity Rate** is an important and commonly used metric within the franchising industry that measures the success of a franchise system over its most recent past. Continuity rate is determined for each year by dividing end-of-year total units by beginning-of-year total units and dividing the 3 annual rates by 3 to arrive at an average. If there are a high number of closures or non-renewals within a franchise, the continuity rate will generally result in a rate of less than 100%, as will a system that cannot support its growth and, accordingly, its franchisees are failing. A high continuity rate is evidence of strong support systems. Continuity rates of over 100% were rewarded and ones with less than 100% were penalized.

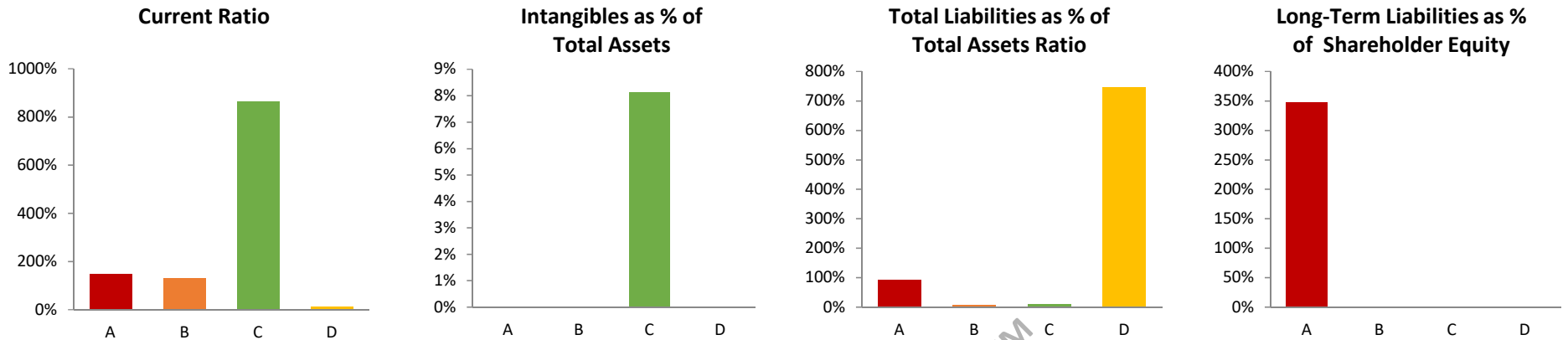
Weighting for Primary FDD Variables (250 Points)	Taziki's Mediterranean Café		Pita Pit		Great Wraps		Garbanzo Mediterranean Fresh		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Base-Year Beginning Franchised Units	30		210		65		8		
New Franchised Units Over Following 3 Years	34		91		11		7		
Total Franchised Units at the End of Year 3	63		219		56		8		
% of New Units Over Base Year Units	113.3%	40	43.3%	20	16.9%	8	87.5%	40	40
3-Year Compound Annual Unit Growth	28.1%	48	1.4%	10	-4.8%	0	0.0%	10	70
3-Year Average Continuity Rate	128.1%	140	101.6%	105	95.5%	93	105.6%	115	140



- Adjusted Unit Gross Sales by itself is not as important as **Adjusted Unit Gross Sales as percentage of the Average Total Investment**. Sales and profits must be evaluated as a function of the total investment.
- Whereas a modest difference in year 1 sales as a function of the average investment might be considered of minor importance, a 10-year time horizon puts these differences into perspective.
- Similarly, while a modest difference in year 1 royalty rates between franchisors might be considered of minor importance, cumulative **Royalty** payments over a 10-year time frame as a percentage of Average Total Investment put these differences into perspective.

Weighting for Primary FDD Variables (350 Points)	Taziki's Mediterranean Café		Pita Pit		Great Wraps		Garbanzo Mediterranean Fresh		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Company-Wide Average Gross Sales or Revenue	\$1,390,846		\$572,087		\$566,013		\$957,112		
Period Operated	Over 1 Year		1 Year		Over 12 Months		Over 1 Year		
Calculation Based on # of Units Evaluated	48 of 67		191 of 219		55 of 56		5 of 8		
Calculation Based on Franchised or Company-Owned Units	Franchised		Franchised		Franchised		Franchised		
% Adjustment*	115%		115%		115%		115%		
Adjusted Average Gross Sales or Revenue	\$1,599,473		\$657,899		\$650,915		\$1,100,679		
Adjusted Unit Gross Sales Return on Avg. Total Investment	246.3%	165	202.0%	155	201.8%	155	187.9%	150	175
Cum.10-Year Gross Sales (Compounded at 5% Growth / Year)	\$18,368,607		\$7,555,425		\$7,475,213		\$12,640,374		
10-Year Sales / Average Total Investment	28.3	70	23.2	60	23.2	60	21.6	55	75
10-Year Total Royalty Payments	\$734,744		\$453,325		\$411,137		\$632,019		
10-Year Royalties / Average Total Investment	113.1%	40	139.2%	30	127.5%	35	107.9%	45	50
Detailed Income Statement (EBITDA All Units Optimal)	80%	40	0%	0	0%	0	20%	10	50

* To adjust stated Average Gross Sales to a "standard" of greater than 2 years, the following adjustments were applied:
 Over 1 Year = 115%; Over 2 Years = 100%; Over 3 Years = 95%; Over 4 Years = 90%; Over 5 Years = 85%.



- The **Current Ratio (or Working Capital Ratio)** is a liquidity ratio that reflects the franchisor's ability to pay back its short-term liabilities. A ratio of less than 1 raises a red flag as to whether a franchisor can pay its short-term obligations when due.
- **Intangibles**, including **Goodwill**, are long-term assets represented by non-physical assets. Franchisors whose brands are household names may justify a higher value for intangibles than a relatively new brand with limited experience in the marketplace.
- **Total Liabilities as percentage of Total Assets Ratio** reflects the long-term strength of the franchisor's balance sheet. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.
- **Long-term Liabilities as percentage of Shareholder Equity** reflects the franchisor's long-term capital structure. Over time, one would expect the percentage to decrease. A lower percentage is preferred over a higher percentage.

Balance Sheet Items (\$000)	Taziki's Mediterranean Café		Pita Pit		Great Wraps		Garbanzo Mediterranean Fresh		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Weighting for Primary FDD Variables (100 Points)	Data	Score	Data	Score	Data	Score	Data	Score	Max. Score
Ending Date for Financials (Closing Date on Balance Sheet)	12/31/2017		12/31/2017		12/31/2017		12/26/2017		
Current Assets	\$749		\$2,011		\$622		\$38		
Intangibles & Goodwill	\$0		\$0		\$60		\$0		
Other Assets	\$17		\$21,570		\$56		\$0		
Total Assets	\$766		\$23,581		\$738		\$38		
Current Liabilities	\$502		\$1,553		\$72		\$284		
Long-Term Liabilities	\$205		\$0		\$1		\$0		
Total Liabilities	\$707		\$1,553		\$73		\$284		
Shareholders' Equity	\$59		\$22,028		\$665		-\$246		
Total Liabilities & Shareholders' Equity	\$766		\$23,581		\$738		\$38		

Key Financial Ratio (%)s	Taziki's Mediterranean Café		Pita Pit		Great Wraps		Garbanzo Mediterranean Fresh		Max. Score
	Data	Score	Data	Score	Data	Score	Data	Score	
Weighting for Primary FDD Variables (100 Points)									
Current Ratio (or Working Capital Ratio)	149.2%	22	129.5%	22	863.9%	25	13.4%	2	25
Intangibles & Goodwill as % of Total Assets	0.0%	20	0.0%	20	8.1%	18	0.0%	20	20
Total Liabilities as % of Total Assets Ratio	92.3%	5	6.6%	35	9.9%	35	747.4%	0	35
Long-Term Liabilities as % of Shareholders' Equity Ratio	347.5%	0	0.0%	20	0.2%	20	0.0%	20	20

Total Score	828	729	679	664	/1000
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FranCompare™

FranCompare™ and the World Franchising Network have been in the franchising business for over 30 years. During that period, we have gained some meaningful insights into what separates great franchise systems from mediocre ones. The FranCompare™ Franchise Recognition Program is the result of those decades of experience. The underlying analysis relies upon a unique template called Franchise Matrix™. The Franchise Matrix™ allows a prospective investor, analyst or lender to prioritize which objective factors in each franchisor's FDD are most important in analyzing competing systems and to compare systems side-by-side. Keep in mind that the methodology and results of the Franchise Recognition Program are solely the opinions of FranCompare™ and are based solely on what we consider to be the key factors taken from each franchisor's 2018 FDD. If you want to modify the weighting of the variables or change the variables themselves, please [click here](#) for a customizable worksheet that can accommodate your personal priorities.

FranCompare™ also provides custom side-by-side analyses for clients. You can choose from over 2,100 2018 FDDs and over 2,300 2017 FDDs listed on www.FranchiseDisclosures.com. If you have an interest in a custom FranCompare™ analysis, please give us a call at (888) 612-9908. The minimum charge for 4 companies is \$600 and each additional company is \$150.

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