

GLOBAL RESTAURANT MANAGEMENT, LLC

AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEAR ENDING DECEMBER 31, 2021

DATE ISSUED: April 29, 2022

PROCYON FINANCIAL LLC
24A Trolley Square #2289
Wilmington, DE 19806

Independent Auditor's Report

To the Members of GLOBAL RESTAURANT MANAGEMENT, LLC,
800 Delaware Ave., Wilmington,
New Castle County 19801

I have audited the accompanying consolidated financial statements of GLOBAL RESTAURANT MANAGEMENT, LLC, which comprise the Consolidated statement of Financial Position as of December 31, 2021, and the related Consolidated Statements of Profit or Loss and Other Comprehensive Income, Changes in Equity and Cash Flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Special Matters

During the process of the audit, certain schedules, records, and other documents were unavailable for testing. The Subsidiary 'PJ Western Retail Investments Limited' consolidates its subsidiaries with software that I was not given access to. I relied upon a combination of previous auditor work (an IFRS audit completed by KPMG) in addition to other procedures and documentation I obtained from the Company, which I deemed sufficient to conclude that there are no material modifications required for the financial statements to be in conformity with U.S. GAAP.

Opinion

In my opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the consolidated financial position of GLOBAL RESTAURANT MANAGEMENT, LLC as of December 31, 2021, and the results of its consolidated operations and consolidated cashflows for the years then ended in conformity with U.S. generally accepted accounting principles.

GLOBAL RESTAURANT MANAGEMENT, LLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021

	<u>As of</u> <u>December</u> <u>31, 2021</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 9,462
Trade and other receivables	355,140
Inventories	<u>1,525,662</u>
Total current assets	<u>1,890,264</u>
Non-current assets:	
Fixed Assets	
Property, plant and equipment	13,149,979
Intangibles	<u>3,361,314</u>
Total Fixed assets	<u>16,511,293</u>
Other non-current assets:	
Right of use assets	40,387,000
Investment property	2,172,000
Other investments	1,943,000
Other long-term assets	<u>726,000</u>
Total other non-current assets	<u>45,228,000</u>
<u>Total Assets</u>	\$ <u>63,629,557</u>
Liabilities & Members' Equity	
Current liabilities:	
Lease liabilities	4,269,000
Trade payables & borrowings	<u>4,365,498</u>
Total current liabilities	<u>8,634,498</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

GLOBAL RESTAURANT MANAGEMENT, LLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)
FOR THE YEAR ENDING DECEMBER 31, 2021

	<u>As of</u> <u>December</u> <u>31, 2021</u>
Non-current Liabilities:	
Loans and borrowings	17,495,000
Lease liabilities	38,577,000
Total non-current liabilities	<u>56,072,000</u>
<u>Total Liabilities:</u>	<u>64,706,498</u>
Equity:	
Share capital	1,000
Share premium	8,660,000
Additional paid-in Capital	23,231,000
Revaluation Reserve	117,000
Accumulated losses	(32,723,841)
Translation reserve	(362,100)
<u>Total Equity</u>	<u>(1,076,941)</u>
<u>Total Liabilities & Equity</u>	<u>\$ 63,629,557</u>

GLOBAL RESTAURANT MANAGEMENT, LLC
CONSOLIDATED STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE
INCOME
FOR THE YEAR ENDING DECEMBER 31, 2021

		2021
Revenues:		
Sales	\$	17,210,514
Less: Cost of goods sold		<u>(13,768,411)</u>
Gross Profit		<u>3,442,103</u>
 Expenses:		
Selling & Administrative expenses		<u>3,227,944</u>
Total Expenses		<u>3,227,944</u>
 Income (loss) from Operations		 <u>214,159</u>
 Other Income (Expenses):		 <u></u>
Total Other Income (Expenses)		<u>-</u>
Profit (Loss) for the year		<u>214,159</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

GLOBAL RESTAURANT MANAGEMENT, LLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDING DECEMBER 31, 2021

	Share Capital	Share Premium	Additional paid-in Capital	Translation reserve	Revaluation reserve	Accumulated losses	Total
Balance at December 31, 2020	1,000	8,660,000	23,231,000	(430,000)	117,000	(32,938,000)	(1,359,100)
Total comprehensive loss							
Profit (Loss) for the year	-	-	-	-	-	214,159	214,159
Foreign currency translation				67,900	-	-	67,900
Balance at 31 December 2021	1,000	8,660,000	23,231,000	(362,100)	117,000	(32,723,841)	(1,076,941)

The accompanying notes are an integral part of these Consolidated Financial Statements.

GLOBAL RESTAURANT MANAGEMENT, LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2021

		<u>As of</u> <u>December</u> <u>31, 2021</u>
Cash flow From Operating Activities:		
Net Profit (loss)	\$	214,159
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization		390,707
Changes in:		
Prepaid expenses		2,097,000
Inventories		433,338
Accounts Receivable		7,590,860
Income tax receivable		157,000
Net cash provided (used) by operating activities		<u>10,883,064</u>
Net cash provided (used) by investing activities		<u>-</u>
Cash flow from Financing Activities		
Trade payables & Borrowings		(14,446,502)
Proceeds from (settlements of) loans		2,814,900
Net cash provided (used) by financing activities		<u>(11,631,602)</u>
Net increase (decrease) in cash and cash equivalents		(748,538)
Cash, beginning of year		758,000
Cash, end of year	\$	<u>9,462</u>

The accompanying notes are an integral part of these Consolidated Financial Statements.

GLOBAL RESTAURANT MANAGEMENT, LLC

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDING DECEMBER 31, 2021

About the Company & its Nature of operations

GLOBAL RESTAURANT MANAGEMENT, LLC ('the Company', 'GRM'), is a Delaware LLC formed on the 11th of May 2012. The purpose of the Company is to manage and maintain investors' beneficial ownership interest in PJ Western Retail Investments Limited.

PJ Western Retail Investments Limited ('PJ Western', 'subsidiary') is a Cyprus based private limited liability company incorporated on 25 August 2006 under the Cyprus Companies Law Cap.113 for the purpose of developing franchise pizza business under brand name 'Papa John's' in the Russian Federation and other countries. The Subsidiary acquired all rights under the Master Franchise Agreement with Papa John's International (United States of America) ('rights holder'). The Subsidiary obtained certain rights to develop Papa John's Pizza restaurants in the agreed territory and to procure, qualify, train and assist sub-franchisees to develop and operate Papa John's Pizza restaurants in the territory of Russian Federation, the Republic of Poland, the Republic of Belarus, the Republic of Kazakhstan, and the Kyrgyz Republic. Additionally, the Subsidiary indirectly owns franchise rights to develop and operate Papa John's Pizza restaurants in Germany.

As of December 31, 2021, the Subsidiary's Group operated 197 restaurants (102 own restaurants and 95 franchise restaurants).

GRM's Ownership in PJ Western

As of December 31, 2021, the Company owned 50.12% of PJ Western's class A units (649 units) and the total investments made by GRM's owners from the Company's inception date up to December 31, 2019 amounted to USD 34,787,673. During 2020, the owners of PJ Western resolved to issue 183 subscription shares to the Company and the amount of consideration was USD 1,789,806 as a settlement of loans (and related interest) owed by PJ Western to the Company. Each share is issued at a premium of USD 9,778. Moreover, the owners of PJ Western resolved to

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

issue an additional 75 class A units to GRM at a nominal value. The amount of consideration to be paid by GRM is of EUR 128.25 (USD 156).

Basis for presenting consolidated financial statements

Although the Company owns 47.4% of the total shares issued to PJ Western's shareholders, it owns 50.12% of ordinary class A shares issued by PJ Western as of December 31, 2021. Holders of ordinary Class A shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of PJ Western. Holders of ordinary Class B shares are entitled to receive dividends as declared from time to time and do not have voting rights at meetings of PJ Western.

GRM's Ownership in PJ Germany

As of December 31, 2021, the Company owned 55.13% of PJ Germany (847 class A units and 39,897 class B units), the cost of the investment was USD 110,500. On 24, December 2020, it was decided by PJ Western's owners that GRM exchange the entirety of its ownership in PJ Germany for PJ Western shares (338 class A units at a par value of EUR 1.71 (USD 2.08). Each share will be issued at a premium of USD 9,761.

Changes to PJ Western's authorized shares

During December 2020, the Members of PJ Western resolved to increase the authorized share capital of the Company from EUR 2,340.99 (USD 2,849.68) divided into 1,295 Class A Shares of EUR 1.71 each and 74 Class B shares of EUR 1.71 (USD 2.08) to EUR 5,130 (USD 6,244.75) divided into 2,926 Class A Shares of EUR 1.71 (USD 2.08) each and 74 Class B shares of EUR 1.71 (USD 2.08) by the creation of 1,631 Class A Shares which shall have the rights and limitations included in the Company's Articles of Association.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Risks and Uncertainties

The Company's business and operations are sensitive to general business and economic conditions in the United States. A host of factors beyond the Company's control could cause fluctuations in these conditions. Adverse conditions may include, recession, downturn or otherwise, local competition or changes in consumer taste.

These adverse conditions could affect the Company's financial condition and the results of its operations and financing.

PJ Western ('the Subsidiary')'s operations are primarily located in the Russian Federation. Consequently, PJ Western is exposed to the economic and financial markets of the Russian Federation which display the characteristics of an emerging market. The legal tax and regulatory frameworks are in continuous development but are subject to varying interpretations and frequent changes which contribute together with other legal and fiscal impediments to the challenges faced by entities operating in the Russian Federation.

Starting in 2014 the United States of America, the European Union and some other countries have imposed and gradually expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of PJ Western. The future business environment may differ from management's assessment.

Summary of significant accounting policies:

Basis of accounting

The Company's Consolidated financial statements are presented in accordance with accounting principles generally accepted in the U.S.

Fiscal year

The Company operates on a December 31st year-end.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for certain items of property plant and equipment and investment property and other investments which are stated at fair value. The fair value of buildings is estimated on the basis of the direct capitalization method within the income approach.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Functional and presentation currency

While GRM's functional and presentation currency is the United States Dollar ("USD"), the Consolidated financial statements include the financials of PJ Western (and its subsidiaries) whose operations are mainly concentrated in the Russian Federation. The functional currency of subsidiaries located in the Russian Federation is the Russian Rouble ("RUB"). The functional currency of the subsidiary located in Poland is Polish Zloty ("PLN"), for the subsidiary located in the Republic of Kazakhstan is Tenge ("KZT") and for the subsidiary located in Germany is the Euro ("EUR"). PJ Western presents its consolidated financial statements in RUB. All financial information presented in RUB has been converted to USD and rounded to the nearest thousand, except when otherwise indicated. The results and financial position of PJ Western's subsidiaries whose functional currency is different from PJ Western's presentation currency (RUB) are translated into presentation currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income presented are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognized in other comprehensive income.

The consolidated financial statements of PJ Western have been converted to USD at the prevailing exchange rates at end of December 31, 2021, as follows:

	1 USD
<i>Closing exchange rate at:</i>	
<i>December 31, 2021</i>	74.5315 RUB
<i>Weighted Average 2021</i>	73.7032 RUB

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measures, the following hierarchy prioritizes the inputs to valuation methodologies used to measure fair value:

Level 1 — Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents. The Company had no cash equivalents as of December 31, 2021.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Right of use assets

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which supersedes the requirements set forth in ASC 840, Leases. The Company adopted this standard effective January 1, 2019 utilizing the transition method which permits an entity to recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption with no adjustment made to the comparative periods presented in the consolidated financial statements. Accordingly, the comparative information as of December 31, 2018 has not been adjusted and continues to be reported under the previous lease standard. The new standard requires lessees to report a right of use asset and lease liability on the balance sheet for all leases with a term longer than one year, while maintaining substantially similar classifications for financing and operating leases. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases.

Beginning January 1, 2019, for all leases with a term in excess of 12 months, the Company recognized a lease liability equal to the present value of the lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PJ Western (‘the Subsidiary) leases a number of warehouse premises, pizzeria buildings, office building under production equipment and vehicles. A major part of lease contracts relates to pizzeria buildings. Lease contracts are cancellable. The leases typically run for an initial period of one to three years, with an option to renew the lease after that date. PJ Western determined lease term for the purpose of the standard until 2027. Lease term assessment was based on the following assumptions:

- expensive repairs and inseparable improvements of the leased premises that have a useful life until 2027,

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

- unique location and relocation penalties associated with the need to generate customer traffic in the new location.

Property, plant and equipment

Items of property, plant and equipment, except for buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment at 1 January 2008 was determined by reference to its fair value at that date.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Buildings are stated in the consolidated statements of financial position at their revalued amounts being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Any revaluation increase arising on the revaluation of such buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the property's revaluation reserve relating to a previous revaluation of that asset.

Any gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognized net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve as revaluation surplus is transferred to retained earnings.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its estimated residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that ownership will be obtained by the end of the lease term. Land is not depreciated.

Depreciation of buildings based on its original cost is recognized in profit and loss while depreciation on the revalued part of buildings' carrying value is transferred from revaluation surplus to retained earnings.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

The estimated useful lives of significant items of property, plant and equipment for the current and comparative periods are as follows:

<i>Property, plant and equipment</i>	Useful life
<i>Buildings (including leasehold improvements)</i>	5-30 years
<i>Machinery and equipment</i>	2-15 years
<i>Motor vehicles</i>	4-6 years
<i>Other</i>	2-5 years

Intangible assets

Intangible assets that are acquired by the Subsidiary, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets primarily include expenses related to Master Franchise Agreement (MFA), capitalized computer software, patents and licenses, costs of creation of promotional videos and other intangible assets.

MFA

MFA is an agreement signed by the Subsidiary and Papa John's International Inc. (United States of America) ("rights holder"). According to MFA the Subsidiary is provided with rights including special recipes and menu items, distinctive design, decor color scheme and furnishing, software and program standards, specifications and procedures for operations, procedures for quality control, training assistance and promotional programs.

Other intangible assets

Acquired computer software, licenses and patents are capitalized based on the cost incurred to acquire and bring them to use.

Amortization

Amortization is based on the cost of the asset less its estimated residual value.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use since this most closely reflects the expected pattern of consumption of future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

<i>Intangible assets</i>	Useful life
<i>MFA</i>	10 years
<i>Software, licenses, patents</i>	1-10 years
<i>Promotional videos</i>	1-3 years
<i>Other</i>	1-3 years

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 when it has satisfied the performance obligations under an arrangement with the customer reflecting the terms and conditions under which products or services will be provided, the fee is fixed or determinable, and collection of any related receivable is probable. ASC Topic 606, “Revenue from Contracts with Customers” establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts to provide goods or services to customers. Revenues are recognized when control of the promised goods or services are transferred to a customer, in an amount that reflects the consideration that the Company expects to receive in exchange for those goods or services. The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements: 1) identify the contract with a customer; 2) identify the performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to performance obligations in the contract; and 5) recognize revenue as the performance obligation is satisfied.

Expense Recognition

The Company recognizes and records expenses for services, supplies and other products as they are incurred.

Income taxes

GRM is subject to tax filing requirements as a partnership in the federal jurisdiction of the United States. The Company sustained net operating losses during fiscal years 2019 and 2020.

The Company is subject to franchise tax filing requirements in the State of Delaware.

Contingencies

The Company is not currently involved with and does not know of any pending or threatening litigation against the Company or its members.

GLOBAL RESTAURANT MANAGEMENT, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING DECEMBER 31, 2021

Subsequent events

The Company evaluated subsequent events through April 29, 2022, the date on which the financial statements were available to be issued. There are no additional events that have occurred such that adjustments to the amounts or disclosures presented in the notes to the financial statements are warranted.