

FRANCHISE DISCLOSURE DOCUMENT



LEE'S FRANCHISOR LLC
a Delaware limited liability company
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Shalimar, Florida 32579
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franchising@famousforchicken.com
www.leesfamousrecipe.com

As a Lee's Famous Recipe® franchisee, you will operate a quick service restaurant at a designated location featuring a menu of chicken, biscuits, and other complementary items.

The initial investment necessary to begin operation of a single unit traditional stand-alone Lee's Famous Recipe® franchise is \$1,340,600 to \$2,353,900 for a new structure, which includes between \$40,000 and \$50,000 that must be paid to the franchisor or its affiliates. The initial investment necessary to begin operation of a single unit traditional stand-alone Lee's Famous Recipe® franchise is \$640,600 to \$1,336,400 for a reimaged structure, which includes between \$40,000 and \$50,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a single unit streamlined Lee's Famous Recipe® franchise is \$572,500 to \$1,126,400, which includes \$40,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a single unit non-traditional Lee's Famous Recipe® franchise is \$517,200 to \$825,800, which includes between \$40,000 and \$50,000 that must be paid to the franchisor or its affiliates.

We require a commitment of at least two Restaurants to enter into an Area Development Agreement and we do not anticipate granting a commitment of more than 20 Restaurants in an Area Development Agreement. Therefore, the total amount of Development Fees that you must pay Franchisor at the time of signing an Area Development Agreement ranges from \$35,000 (for two Restaurants) to \$350,000 (for 20 Restaurants). These amounts would be in addition to the initial investment necessary to begin operation of a single Lee's Famous Recipe® franchise described above.

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, franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Ryan Weaver at 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579, (850) 344-1130, franchising@famousforchicken.com.

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 an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to

Buying a Franchise”, which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 30, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Exhibits D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Lee's Famous Recipe® restaurant business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Lee's Famous Recipe® restaurant franchisee?	Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit F-1.

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 and/or litigation only in Florida. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Florida than in your own state.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

The Michigan Attorney General requires the following specific disclosures to be made to prospective Michigan franchisees:

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (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 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 Michigan attorney general does not constitute approval, recommendation, or endorsement by the Michigan attorney general.

Any questions regarding the notice should be directed to the State of Michigan, Department of the Attorney General, Attn: Franchise, P. O. Box 30213, Lansing, Michigan 48909, telephone (517) 373-7117.

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Exhibits

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

To simplify the language in this Franchise Disclosure Document, “Lee’s”, “we”, “us” and/or “our” means or refers to Lee’s Franchisor LLC, the “Franchisor.” “Franchisee”, “you” or “your” means the individual, corporation, partnership or limited liability company who buys a Lee’s Famous Recipe® franchise. If the franchisee will operate through a corporation, partnership or limited liability company, “you” also means the franchisee’s owners, partners or members.

The Franchisor and any Parents, Predecessors and Affiliates

Our name is Lee’s Franchisor LLC (“**Lee’s**,” “**we**,” “**us**,” or “**ours**”) and our principal business address is 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579. We are a Delaware limited liability company that was formed on May 6, 2021. Our parent is LFR Chicken LLC (our “**Parent**”). LFR Chicken LLC’s parent is Artemis Restaurant Corp. Both LFR Chicken LLC and Artemis Restaurant Corp. share the same address as us. We do not have any affiliates that offer franchises in any line of business.

We began operations in June 2021 and began offering franchises of the type of business you will operate in the United States in November 2021. As of the date of this Franchise Disclosure Document, Lee’s does not operate any business of the type being franchised by us and has no business activities other than offering the franchises described in this Franchise Disclosure Document. However, we have affiliates that operate company-owned Lee’s restaurants.

Our affiliate, Lee’s Famous Recipe Advertising Cooperative, Inc. (“**Lee’s Advertising**”), a Florida non-profit corporation that formed on May 7, 2014, provides advertising services to franchisees. Our affiliate Lee’s Distribution LLC (“**Lee’s Distribution**”), a Delaware limited liability company that formed on May 6, 2021, holds our proprietary recipes and participates in the procurement and sale of proprietary products to our franchisees. Both Lee’s Advertising and Lee’s Distribution share the same address as us.

Our affiliate, Lee’s Franchisor Canada Ltd. (“**Lee’s Canada**”), a company incorporated under the laws of British Columbia, Canada on July 6, 2022, has offered franchises to operate Lee’s Famous Recipe® restaurants in Canada. Lee’s Canada began offering franchises in July 2022, but does not currently offer and sell franchises. As of December 31, 2024, Lee’s Canada had 1 franchise (however, there are a total of 4 Lee’s Famous Recipe® restaurants in Canada as of the issuance date of this disclosure document, three of which were sold by our predecessors). Lee’s Canada shares the same address as us. Lee’s Canada does not offer franchises in another line of business and does not provide products or services to our franchisees.

We have no other affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

Pursuant to an Asset Purchase Agreement dated June 21, 2021, we purchased the franchise assets related to the Lee’s Famous Recipe system from our predecessor, Famous Recipe Group, LLC (“**FRG**”), whose principal business address was the same as ours. Our predecessor, FRG, began offering franchises for Lee’s Famous Recipe® Chicken restaurants in January 2014 and did not

offer franchises in other lines of business. FRG's predecessor, Lee's Famous Recipes, Inc. ("**LFR Inc.**"), began operations and began offering franchises in October 2003, and did so until 2005. From 2005 to 2008, LFR Inc. did not offer franchises. Then, in 2008, LFR Inc. began offering licenses for Lee's Famous Recipe® Chicken restaurants, and some of those license agreements are still in effect as of the issuance date of this Franchise Disclosure Document.

We conduct business under the name "Lee's Famous Recipe® Chicken."

Our agents for service of process are set forth in Exhibit F-2.

The Franchise Offered

We offer franchises to operate Lee's Famous Recipe® restaurants at authorized locations. A Lee's Famous Recipe® restaurant is a quick-service restaurant featuring a menu of approved chicken, biscuits and other complementary items using a system that includes site evaluation, equipment selection and layouts, accounting methods, merchandising, advertising sales and promotional techniques, training and other matters related to the operation and promotion of Lee's Famous Recipe® restaurants (the "**Lee's Famous Recipe System**"), all of which are offered under the Lee's Famous Recipe® Marks (as described in Item 13) and using our proprietary recipes and know-how for food preparation and service.

A traditional stand-alone location is a large stand-alone new or renovated existing building with interior seating, drive-through capability and on-site parking (a "**Traditional Standalone**" restaurant). A Traditional Standalone restaurant employs approximately 20-45 employees. A streamlined location is either an in-line or end cap location with drive-through capability within a strip center or similar facility (a "**Streamlined**" restaurant). A Streamlined restaurant employs approximately 18-30 employees. A non-traditional location is constructed within another establishment such as a convenience store, airport, school, mall or cafeteria (a "**Non-Traditional**" restaurant). A Non-Traditional restaurant employs approximately 10-20 employees. Except where noted, references to a "Lee's Famous Recipe Restaurant" or a "Restaurant" in this Franchise Disclosure Document means a Traditional Standalone restaurant, a Streamlined restaurant, or a Non-Traditional restaurant.

We offer two types of agreements for franchising Lee's Famous Recipe® restaurants: a Franchise Agreement (Exhibit A to this Franchise Disclosure Document) and an Area Development Agreement (Exhibit B to this Franchise Disclosure Document).

If you qualify to open more than one restaurant, we may offer you an Area Development Agreement under which you have the right and obligation to develop a specified number of restaurants under a mandatory development schedule at approved locations within the geographic area specified in the Area Development Agreement. We require a commitment of at least two Restaurants to enter into an Area Development Agreement. You must sign our then-current form of Franchise Agreement for each restaurant developed under the Area Development Agreement, which may contain materially different terms than the Franchise Agreement attached as Exhibit A. You would also be required to sign the Franchise Agreement for the first Lee's Famous Recipe® restaurant that you are required to develop at the same time as the Area Development Agreement.

Market and Competition

The market for quick service restaurants is well developed and highly competitive. Lee's Famous Recipe® restaurants draw upon the general public for their customer base. Your primary competitors will be numerous national, regional and local quick- and full-service restaurants, some of which offer similar menus. The business is affected by economic conditions, real estate conditions, political conditions, consumer tastes, population changes, traffic patterns, the costs and availability of products and qualified labor, and other factors.

Industry Specific Regulations

In addition to all federal, state and local laws and regulations and applicable permitting requirements that apply to businesses in general, such as the Americans with Disabilities Act, federal, state and local wage and hour laws, the Occupation Health and Safety Act and the Patient Protection and Affordable Health Care Act, data security laws, construction codes and zoning, the restaurant industry is heavily regulated. There are many federal, state and local laws, rules and regulations that have particular applicability to the operation and licensing of restaurant businesses, including health permit and inspection regulations dealing with preparation, ingredients, handling, storage, labeling and sale of food products; menu, caloric, nutritional and other disclosure requirements; restrictions on certain products; health, sanitation, occupational safety and disposal related to food service.

It is your sole responsibility to obtain all permits, licenses and certifications required for the development, construction and operation of the restaurant. These requirements vary based on the location of the restaurant and it is your responsibility to learn about and comply with them.

ITEM 2: BUSINESS EXPERIENCE

President and Chief Executive Officer: Ryan Weaver

Mr. Weaver has served as Chief Executive Officer of Lee's in Shalimar, Florida since June 21, 2021. Prior to joining Lee's, Mr. Weaver was a private equity investor at Apollo Global Management located in New York, New York from February 2016 to June 2021.

Chief Development Officer: Logan Sumner

Mr. Sumner has served as Chief Development Officer of Lee's in Shalimar, Florida since September 2024. Prior to joining Lee's, Mr. Sumner was Senior Regional Director of Operations at Driven Brands located in Charlotte, North Carolina from November 2023 until September 2024. Mr. Sumner was Vice President of Development at Driven Brands in Charlotte, North Carolina from February 2020 until November 2023. From May 2017 until February 2020, Mr. Sumner was Director of Business Development at Driven Brands in Charlotte, North Carolina.

Senior Vice President: Amanda McArdle

Mrs. McArdle has served as Senior Vice President of Lee's in Shalimar, Florida since June 21, 2021. Mrs. McArdle was Senior Vice President of our predecessor, FRG, in Shalimar, Florida

from February 2020 to June 2021, Vice President of Brand and Franchise Services of FRG from June 2016 to February 2020, and Director of Administration of FRG from April 2013 to June 2016.

Senior Vice President of Operations: William M. Sparks

Mr. Sparks has served as Senior Vice President of Operations of Lee's in Shalimar, Florida since September 2024. Mr. Sparks was Vice President of Operations of Lee's in Shalimar, Florida from June 2021 until September 2024 and Vice President of Operations of FRG in Shalimar, Florida from April 2013 until June 2021.

Vice President of Finance: Meagan Kellogg

Ms. Kellogg has served as Vice President of Finance of Lee's in Shalimar, Florida since August 2024. Prior to this, she was Vice President of Finance at Cheba Hut Toasted Subs in Fort Collins, Colorado from May 2020 until August 2024. Prior to that, Ms. Kellogg held the position of Controller for SD Holdings, LLC based out of Fort Collins, Colorado from February 2014 through February 2020.

Vice President of Procurement: Michael Reinert

Mr. Reinert has served as Vice President of Procurement of Lee's in Shalimar, Florida since July 2023. Prior to joining Lee's, Mr. Reinert was Vice President of Procurement with Oak View Group in Philadelphia, Pennsylvania from December 2021 to March 2023. Mr. Reinert was Vice President of Procurement at Spectra in Philadelphia, Pennsylvania from August 2019 to December 2021. Prior to that, Mr. Reinert was Vice President of Procurement with Delaware North in Buffalo, New York from March 2008 to July 2019.

Vice President of Product Development: Donald R. Kupski

Mr. Kupski has served as Vice President of Product Development of Lee's in Shalimar, Florida since July 2023. Mr. Kupski was previously Vice President of Purchasing/Research and Development of Lee's in Shalimar, Florida from June 2021 until July 2023. Mr. Kupski was Vice President of Purchasing/Research and Development of FRG in Shalimar, Florida from April 2013 until June 2021.

Vice President of Marketing: Dan Sokolik

Mr. Sokolik has served as Vice President of Marketing of Lee's in Shalimar, Florida since January 2022. Prior to joining Lee's, Mr. Sokolik was a Senior Brand Manager with Stone Ward in Little Rock, Arkansas from July 2021 to January 2022. Prior to that, Mr. Sokolik was self-employed from March 2020 to July 2021 in St. Louis, Missouri. Mr. Sokolik was an Account Director with DP + in Farmington Hills, Michigan from January 2019 to March 2020. Prior to that, Mr. Sokolik was a Field Marketing & Profitability Manager with Subway Restaurants in Milford, Connecticut from November 2009 to August 2018.

ITEM 3: LITIGATION

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

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

Franchise Agreement

The initial fee for a single Lee's Famous Recipe Restaurant is \$35,000 (the "**Initial Franchise Fee**"). The Initial Franchise Fee is paid to us in full when you sign the Franchise Agreement, is deemed fully earned by us upon receipt, and is not refundable under any circumstances. The Initial Franchise Fee is calculated and applied uniformly to all of our franchisees.

Area Development Agreement

If you sign an Area Development Agreement, you must pay us a nonrefundable development fee contemporaneously with the execution of the Area Development Agreement. The development fee is equal to the sum of 50% of the initial franchise fees due under the franchise agreements for each additional Restaurant (beyond your first Restaurant) that you agree to develop under the Development Schedule (the "**Development Fee**"). We require a commitment of at least two Restaurants to enter into an Area Development Agreement. For example, if you agree to develop three Lee's Famous Recipe Restaurants, then your Development Fee would equal \$35,000 (50% of the initial franchise fee for the second and third Restaurant).

The Development Fee is to be paid in addition to the Initial Franchise Fee for the first Lee's Famous Recipe Restaurant to be developed. You will also be required to pay the then-current Initial Franchise Fee for each additional Lee's Famous Recipe Restaurant when you sign each subsequent Franchise Agreement. We will credit a portion of the Development Fee (\$17,500) against the then-current Initial Franchise Fee for the second and each subsequent franchise agreement until the Development Fee is exhausted. The Development Fee is calculated and applied uniformly to all of our franchisees.

The Development Fee is paid to us in full when you sign the Area Development Agreement, is deemed fully earned by us upon receipt, and is not refundable under any circumstances.

In 2008, LFR Inc. offered all then-existing Lee's Famous Recipe franchisees the option to terminate their existing franchise agreements and enter into replacement license agreements for the continued use of the Lee's Famous Recipe[®] Marks and System. The replacement license agreements provided existing franchisees, and now licensees (the "**LFR Licensees**"), assigned protected areas without the requirement to pay royalties. The agreements also introduced new advertising royalty agreements, under which the LFR Licensees paid advertising royalty fees of 1% to our affiliate, Lee's Advertising. As a condition of terminating the previous franchise agreements and entering into the replacement license agreements, the LFR Licensees were required to pay LFR Inc. an amount equal to 4.5 times the royalties paid in the preceding year. If the existing LFR Licensees also had development rights, they were given the right to develop additional Lee's Famous Recipe locations within their assigned development area without paying any further initial franchise fees. Any new Lee's Famous Recipe locations developed by the LFR Licensees would operate under the same terms and conditions of the license agreement. As of the date of December 31, 2024 there were 71 Lee's Famous Recipe licensed locations in the System.

Training

You must pay us the sum of \$5,000 which is our charge for tuition and training materials for up to four attendees to attend the training program. You are responsible for all of your costs associated with you and your employees attending training. If you request that additional owners or employees attend training, each additional attendee must pay \$3,000 to attend.

We provide on-site opening assistance from a minimum of two trainers for up to 10 consecutive days for each new restaurant opening at our expense. For any additional days or trainers, we currently charge \$500 per day, plus expenses, for each trainer. These training fees are uniform and are not refundable under any circumstances.

Opening Campaign

During the first 90 days after you open your Restaurant, you must spend a minimum of \$10,000 on the Restaurant opening campaign that we have approved in advance (the “**Restaurant Opening Campaign Requirement**”). We reserve the right to collect all or a portion of the Restaurant Opening Campaign Requirement directly from you, either at the time you sign the Franchise Agreement or before you open, and spend it on your behalf in connection with the Restaurant Opening Campaign. If so collected, the Restaurant Opening Campaign Requirement funds are not refundable under any circumstances. The Restaurant Opening Campaign Requirement described above is uniform for all of our franchisees.

Fixtures, Equipment, Furniture, and Sign Review

You will use in constructing and operating the Restaurant only those types of construction and decorating materials, fixtures, equipment (including computer hardware and software), furniture, and signs that we have approved for Lee’s Famous Recipe Restaurants as meeting our specifications and standards for appearance, function and performance. If you propose to purchase any material, fixture, equipment, furniture, signs, or any other items from an unapproved supplier, you must notify us in writing and provide certain details upon our request that will enable us to determine whether the material, fixture, equipment, furniture, signs, or unapproved supplier meet our approved criteria. We may charge a reasonable fee up to \$1,000, plus our out-of-pocket costs and expenses, to evaluate any proposed material, fixture, equipment, furniture, sign, or supplier you submit to us for our evaluation.

ITEM 6: OTHER FEES

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty ⁽²⁾⁽³⁾	5% of Gross Sales	Payable on Friday of each week (the “ Payment Date ”) for the preceding 7-day period ending on Saturday of such week (Sunday to Saturday) based on the Gross Sales during the 7-day period	You will pay us via electronic funds transfer, where we will electronically debit your designated bank account.

Name of Fee⁽¹⁾	Amount	Due Date	Remarks
Brand Cooperative Advertising Fund Fee ⁽³⁾⁽⁴⁾	3% of Gross Sales	Payable on the Payment Date based on weekly Gross Sales for the prior week	You will pay us via electronic funds transfer, where we will electronically debit your designated bank account.
Local Advertising Expenditures ⁽³⁾⁽⁵⁾	Up to 1% of weekly Gross Sales	Weekly	
Regional Advertising Cooperative Fee ⁽³⁾⁽⁶⁾	Maximum – 2% of Gross Sales	If applicable, each cooperative will establish the timing of contributions	
Technology Fee ⁽⁷⁾	Currently, \$100 per month	Monthly on the first Payment Date of the month	
Proprietary Software License Fee	Currently, \$0	Monthly on the first Payment Date of the month	If we require you to license Proprietary Software from us
PCI Compliance Program Fee	Currently, \$0	Monthly on the first Payment Date of the month	If we implement a PCI Compliance Program
Initial Training Fee ⁽⁸⁾	\$5,000 for up to 4 attendees \$3,000 for each additional attendee	Prior to attending training	
Opening Assistance - Additional Days or Additional Trainers ⁽⁹⁾	\$500 per trainer for each additional trainer or each day beyond the initial time we allot for opening assistance	5 days after receipt of invoice	
Additional Training ⁽¹⁰⁾	Our then-current training fee	Prior to attending training	
Supplier and Product Approval Fees	\$500 per supplier or item plus our cost of evaluating and investigating any request for approval of a new or additional supplier or product	Prior to approval or disapproval of a request for a new or additional supplier or product	
Fixture, Equipment, Furniture and Sign Approval Fee ⁽¹¹⁾	Will vary upon the circumstances, but no greater than \$1,000, plus our out-of-pocket costs and expenses, per request	If incurred, upon demand	

Name of Fee⁽¹⁾	Amount	Due Date	Remarks
Conference Fee ⁽¹²⁾	\$0 for the first two attendees, but our then current-conference fee for each additional attendee	Prior to attending conference	
Inspection Fee ⁽¹³⁾	\$500	If incurred, upon demand	
Audit Fees ⁽¹⁴⁾	Our costs and expenses	Within 15 days of the audit's completion	
Renewal Fee	Then-current initial franchise fee	Upon signing successor Franchise Agreement	You may renew the Franchise Agreement for one additional 15-year term, provided that you satisfy certain conditions.
Transfer Fees for Franchise Agreement ⁽¹⁵⁾	50% of the then-current initial franchise agreement	50% of the transfer fee is due upon your request for transfer and the remaining amount is due when the transfer is completed	
Relocation Fee ⁽¹⁶⁾	50% of the then-current franchise agreement	Upon our acceptance of your proposed new location for the Restaurant.	
Training materials	\$500 minimum	As materials are provided	
Marketing and Advertising Promotional/Point of Purchase Materials and System Promotions	\$500 minimum	As materials are provided	
Insurance ⁽¹⁷⁾	Our cost of obtaining insurance coverage and an administrative fee of 5%	If incurred, upon demand	You must reimburse us if you do not obtain or maintain the required insurance and we purchase coverage on your behalf.
Costs and Attorneys' Fees	Our costs and expenses	If incurred, upon demand	Payable only if you fail to comply with the Area Development Agreement or Franchise Agreement.
Indemnification	The losses and expenses we incur	If incurred, upon demand	You must reimburse us if we are held liable for claims arising from the operation of your Restaurant.
Late Charges ⁽¹⁸⁾	Highest rate permitted by applicable law with a maximum of 18%	Upon receipt of invoice	Payable on all overdue amounts. (See Note 18)

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
Insufficient Funds Fee ⁽¹⁹⁾	\$500 for each instance of insufficient funds or delinquent payment	Upon demand	(See Note 19)
Non-Compliance Fee ⁽²⁰⁾	Will vary under the circumstances	Upon demand	(See Note 20)
Management Services Fee ⁽²¹⁾	Will vary under the circumstances	As incurred	(See Note 21)
Early Termination Fee	An amount equal to (i) 24 times (a) the average Royalty Fee that you were required to pay us for the full 12 month period prior to termination, plus (b) the average Brand Cooperative Advertising Fund Fee that you were required to pay us for the full 12 month period prior to termination.	Upon demand	(See Note 22)

Explanatory Notes:

1. Non-Refundable Fees. Except where otherwise noted, all of these fees are uniformly imposed, collected and payable to us or our affiliates. All fees are nonrefundable. All fees are payable through our current electronic funds transfer program authorizing us to use a pre-authorized bank draft authorization (“ACH”) where noted.

2. Royalty. Except as noted below, the 5% Royalty is currently uniform for all persons buying a Traditional Standalone, Streamlined, or Non-Traditional franchise. In 2008, LFR Inc., entered into license agreements with the LFR Licensees, under which the LFR Licensees were not required to pay royalties. As of the date of this Franchise Disclosure Document, there are currently 71 LFR Licensees, all of whom do not pay royalties.

3. Gross Sales. “Gross Sales” is defined as the total amount of all revenues from whatever source derived (whether in the form of cash, credit, insurance proceeds for lost sales covered by business interruption insurance, agreements to pay or other consideration, and whether or not payment is received at the time of sale or any such amounts prove uncollectible) which arise from or are derived by you or by any other person from business conducted or which originated in, on, from or through your Lee’s Famous Recipe Restaurant location, or from the sale of any products or services associated with the use of the Marks, including sales from vending machines, deliveries, and catering sales, but excluding sales tax or any similar taxes which are required by law to be computed separately and paid by a customer.

4. Brand Cooperative Advertising Fund Fee. The advertising fee is used to defray the cost of producing and/or purchasing radio, television, internet, social media or printed advertising

materials as we deem necessary on a national, regional or local basis. You must pay this fee to us or to our designee by ACH. We may adjust the amount of the Brand Cooperative Advertising Fund Fee upon sixty (60) days' notice to you, provided the Brand Cooperative Advertising Fund Fee may not exceed four percent (4%) of Gross Sales. Based on the current bylaws of our affiliate, Lee's Advertising, we will have one vote for each and every company-owned unit we operate and each company-owned unit pays an advertising fee equal to the percentage of Gross Sales required to be paid under the then-current form of franchise agreement at the time the company-owned unit opened for business. In 2008, when LFR Inc. entered into license agreements with the LFR Licensees, our affiliate, Lee's Advertising entered into advertising royalty agreements with the LFR Licensees that included advertising royalty fees at the rate of 1% of Gross Sales. As of December 31, 2024, there are 71 LFR Licensees who pay this reduced advertising royalty fee rate.

5. Local Advertising Expenditures. We recommend that you expend at least 1% of Gross Sales weekly on local market advertising, however, we reserve the right to require you spend up to 1% of Gross Sales each week on approved local marketing, exclusive of on-site signs, telephone directory listings, and costs of Products sold at a reduced cost or given away, or for you to pay us that amount, which we will then spend on local market advertising on your behalf in our sole discretion (the "Local Advertising Expenditures"). If we require you to pay us the Local Advertising Expenditures, they will be due and payable on the Payment Date. At our request, you must provide documentation to us each quarter evidencing your Local Advertising Expenditures. In 2008, LFR Inc. entered into license agreements with the LFR Licensees under which the LFR Licensees are not required to make local advertising expenditures. As of December 31, 2024, there are 71 LFR Licensees who are not required to make local advertising expenditures.

6. Regional Advertising Cooperative Fee. We may require you to participate in, support and contribute to the cost of regional cooperative advertising programs we designate. Your contributions to regional and local advertising cooperatives (the "**Regional Advertising Cooperative Contributions**") will be credited toward your Local Advertising Expenditures. In 2008, LFR Inc. entered into license agreements the LFR Licensees which do not require them to participate in or pay fees to any local, regional or other national advertising cooperative. As of December 31, 2024 there are 71 LFR Licensees who need not participate in or pay fees to local, regional, or national advertising cooperatives. There is currently only one active regional advertising cooperative within the Lee's Famous Recipe System in Ohio.

7. Technology Fee. You will pay us our then-current monthly technology fee, currently equal to \$100 per month. The Technology Fee is due on the Payment Date and must be paid in the same manner as the Royalty Fee. We may adjust the amount of the Technology Fee once per calendar year upon 60 days' notice to you, but the monthly Technology Fee will not increase by more than 25% annually during the initial term of the Franchise Agreement.

8. Training. We will provide you an initial training program consisting of a six-to-eight-week training course at a location that we designate as a certified training unit. The cost of this program is \$5,000 for four attendees. If you request that additional owners or employees attend training, there is a \$3,000 charge for each additional person to attend training. You must pay for any travel and living expenses of you and your employees while attending training. We reserve the right to increase these training fees on an as-needed basis; however, we will not increase either fee more than 150% of the previous year's fee annually.

9. Opening Assistance. We provide on-site opening assistance by a minimum of two trainers for up to 10 consecutive days for each new restaurant opening at our expense. For additional days or additional trainers, we currently charge \$500 per day, plus expenses, for each trainer. We reserve the right to increase the additional assistance and training fee at any time however, we will not increase either fee on an annual basis more than 150% of the previous years' fees. We may also require that you purchase from us (a) training materials or other instructional materials and (b) advertising materials for the opening.

10. Additional Training. We may require that the Operating Principal and any key management personnel attend all supplemental and refresher training programs that we designate for up to seven days. We may charge you our then-current fee for these supplemental and refresher training programs, and pay or reimburse us for the expenses incurred by your representatives, including the costs of travel, lodging, meals, and wages. We reserve the right to increase these training fees on an as-needed basis; however, we will not increase either fee more than 150% of the previous year's fee annually.

11. Fixture, Equipment, Furniture, and Sign Approval Fee. If you propose to purchase any material, fixture, equipment, furniture or sign we have not then approved, or any items from any supplier we have not then approved, you must first notify us in writing and will provide to us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time. We may charge a reasonable fee up to \$1,000, plus our out-of-pocket costs and expenses, for each approval request to evaluate any proposed material, fixture, equipment, furniture, sign, or supplier you submit to us for our evaluation.

12. Conferences. We reserve the right to require you, your Operating Principal and up to two additional key management personnel to attend any Annual Conference. We also reserve the right to require you, your Operating Principal and up to two additional key management personnel to attend any Regional Conference. If we have an Annual Conference and/or Regional Conference, then the first two individuals that go on your behalf do not need to pay a conference fee, but each additional attendee must pay us our then-current conference fee (the "**Conference Fee**"), which will not exceed \$150 per attendee. You are solely responsible for all travel and living expenses for you and your attendees. If you fail to attend the Annual Conference or Regional Conference without our prior written consent, you must pay our then-current Conference Fee for two people for failing to attend the franchise conference.

13. Inspection Fee. We may charge you our then-current inspection fee (currently \$500) to compensate us for our costs and expenses during any inspection or any inspection that you request.

14. Audit Fee. In the event an audit that we conduct or require discloses an understatement of the Gross Sales of the Restaurant by more than 1%, then you must reimburse us for the cost of such audit, including the charges of any independent accountant and/or third-party vendor and the travel expenses, room and board and compensation of our employees and our authorized agents or representatives

15. Transfer Fee. You may not transfer or assign any interest in your franchise or development rights (or your entity) without our prior written consent. You must pay us 50% of the then-current initial franchise fee as a condition of such transfer (the “**Transfer Fee**”). Half of the Transfer Fee is payable upon your request of such transfer, and the remaining half is due when the transfer is complete.

16. Relocation Fee. You must pay us a non-refundable relocation fee equal to 50% of our then-current standard initial franchise fee for services we will provide in connection with any relocation of the Restaurant. You must pay the Relocation Fee to us upon our acceptance of your proposed new location for the Restaurant.

17. Insurance. If you fail to carry insurance required by the Franchise Agreement, we may obtain such insurance and you must reimburse us for the cost of that insurance plus a 5% administrative fee.

18. Late Charges. You must pay us interest on any payments to us that are late, including any amounts that we find in an audit were under-reported by electronic fund transfers. The interest rate on any overdue or unpaid amount will be the lower of (1) 18% per year; or (2) the maximum contract rate of interest permitted by law in the state in which the Restaurant is located.

19. Insufficient Funds. In addition to interest charges on late fee payments, you must pay to us a service charge of up to \$500 for each delinquent payment that you owe to us. A payment is delinquent if: (1) we do not receive the payment on or before the date due; or (2) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due.

20. Non-Compliance Fee. In the event of any instance of your non-compliance with this Agreement, the Operations Manual, or other policies and System standards, for which we notify you of such default or non-compliance, we may require you to pay an administrative fee to us in the amount of up to \$500 per occurrence, and \$100 for each week such default or non-compliance remains uncured.

21. Management Services Fee. We may charge you a management fee equal to 3% of your Gross Sales for the period in which we appoint a manager and require you to reimburse us for our costs and expenses in providing such services.

22. Early Termination Fee. If we are entitled to terminate the Franchise Agreement due to your breach, then in addition to all other rights and remedies available to us, we may require you to pay us this early termination fee. The early termination fee is a reasonable approximation of the damages we will incur resulting from the premature termination of the Franchise Agreement as a result of your breach, is appropriate because actual damages incurred by us will be difficult or impossible to ascertain, and is not a penalty.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Single Unit

Type of expenditure⁽¹⁾	Amount - Traditional Stand-Alone (New Structure)⁽²⁾	Amount - Traditional Stand-Alone (Reimage Existing Structure)⁽²⁾	Amount - Streamlined Location⁽²⁾	Amount - Non-traditional Location⁽²⁾	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ⁽³⁾	\$35,000	\$35,000	\$35,000	\$35,000	Lump sum	At signing of Franchise Agreement	Lee's
Training Fee ⁽⁴⁾	\$5,000	\$5,000	\$5,000	\$5,000	Lump Sum	Prior to attending training	Lee's
Training Expenses ⁽⁴⁾	\$15,000 to \$22,000	\$15,000 to \$22,000	\$15,000 to \$22,000	\$15,000 to \$22,000	As agreed	As incurred	Employees and vendors
Restaurant Opening Campaign ⁽⁵⁾	\$10,000	\$10,000	\$10,000	\$10,000	As agreed	As incurred	Vendors
Real Estate (leased or purchased) ⁽⁶⁾	(See Note 6)	(See Note 6)	(See Note 6)	(See Note 6)	As agreed	As agreed	Landowner
Site Work ⁽⁷⁾	\$100,000 to \$500,000	\$0 to \$150,000	\$0	\$0	As agreed	As incurred	Vendors
Building and Improvement ⁽⁸⁾	\$800,000 to \$1,200,000	\$200,000 to \$560,000	\$180,000 to \$500,000	\$150,000 to \$312,500	As agreed	As incurred	Vendors
Equipment, Furniture and Signage ⁽⁹⁾	\$296,100 to \$389,900	\$296,100 to \$389,900	\$248,000 to \$389,900	\$228,700 to \$301,800	As agreed	As incurred	Vendors and suppliers
POS System ⁽¹⁰⁾	\$35,000 to \$40,000	\$35,000 to \$40,000	\$35,000 to \$40,000	\$35,000 to \$40,000	As agreed	As incurred	Vendors and suppliers
Opening Inventory ⁽¹¹⁾	\$12,000 to \$32,000	\$12,000 to \$32,000	\$12,000 to \$32,000	\$6,000 to \$12,000	As agreed	Before opening	Vendors and suppliers
Utility Deposits, Permits, Business Licenses and Miscellaneous Opening Costs ⁽¹²⁾	\$7,500 to \$50,000	\$7,500 to \$22,500	\$7,500 to \$22,500	\$7,500 to \$22,500	As agreed	As incurred	Utility companies, vendors and suppliers
Insurance ⁽¹³⁾	\$10,000 to \$20,000	\$10,000 to \$20,000	\$10,000 to 20,000	\$10,000 to \$20,000	As agreed	As incurred	Insurance carrier or broker

Type of expenditure ⁽¹⁾	Amount - Traditional Stand-Alone (New Structure) ⁽²⁾	Amount - Traditional Stand-Alone (Reimage Existing Structure) ⁽²⁾	Amount - Streamlined Location ⁽²⁾	Amount - Non-traditional Location ⁽²⁾	Method of payment	When due	To whom payment is to be made
Additional Funds - 3 Months ⁽¹⁴⁾	\$15,000 to \$50,000	\$15,000 to \$50,000	\$15,000 to \$50,000	\$15,000 to \$55,000	As incurred	As incurred	Employees, vendors and suppliers
TOTAL ⁽¹⁵⁾	\$1,340,600 to \$2,353,900	\$640,600 to \$1,336,400	\$572,500 to \$1,126,400	\$517,200 to \$825,800			

The table above describes the estimated initial investment required for the construction and/or build-out of a Lee's Famous Recipe Restaurant (whether Standalone, Streamlined, or Non-Traditional). Please review this table in conjunction with the notes that follow.

In addition to the table above, which provides the estimated initial investment for a single unit Lee's Famous Recipe Restaurant, if you sign an Area Development Agreement you will have the additional cost of the Area Development Agreement. The table below provides the estimated additional costs for signing an Area Development Agreement.

Area Development

Type of expenditure ⁽¹⁾	Amount - Traditional Stand-Alone (New Structure) ⁽²⁾	Amount - Traditional Stand-Alone (Reimage Existing Structure) ⁽²⁾	Amount - Streamlined Location ⁽²⁾	Amount - Non-traditional Location ⁽²⁾	Method of payment	When due	To whom payment is to be made
Development Fee ⁽³⁾	50% of the Initial Franchise Fee for each additional Restaurant to be developed	50% of the Initial Franchise Fee for each additional Restaurant to be developed	50% of the Initial Franchise Fee for each additional Restaurant to be developed	50% of the Initial Franchise Fee for each additional Restaurant to be developed	Lump sum	At signing of Area Development Agreement	Lee's

Explanatory Notes:

1. **Factors Impacting Expenses.** The typical size of a Restaurant varies on whether you are operating a Standalone, Streamlined, or Non-Traditional restaurant and whether such location is for a new or existing structure. For several items discussed below, your cost will increase as the number of square feet increases. A variety of factors may impact the size of your Restaurant such as the landlord, municipality or zoning board requirements or restrictions, layout of the Restaurant, and availability and cost of leased or purchased space. This table reflects your estimated initial investment for a single Restaurant (whether Standalone, Streamlined, or Non-Traditional) operated under a Franchise Agreement.

2. **Refund of Fees.** Fees and charges paid to us or our affiliates are non-refundable. Whether fees and charges imposed by third parties are refundable will depend upon your negotiations and agreements with those third parties.

3. **Initial Franchise Fee; Development Fee.** You must pay us the Initial Franchise Fee for the Lee's Famous Recipe Restaurant that you are granted the right to develop. If you sign an Area Development Agreement, you must pay us a Development Fee equal to the sum of 50% of the initial franchise fees due under the franchise agreements for each additional Restaurant (beyond your first Restaurant) that you agree to develop under the Development Schedule. Under an Area Development Agreement, you will also be required to pay the then-current Initial Franchise Fee for each additional Lee's Famous Recipe Restaurant when you sign each subsequent Franchise Agreement. We will credit a portion of the Development Fee (\$17,500) against the then-current Initial Franchise Fee for the second and each subsequent franchise agreement until the Development Fee is exhausted. We require a commitment of at least two Restaurants to enter into an Area Development Agreement.

4. **Training.** In connection with the initial mandatory training, you must pay us a \$5,000 fee for tuition and materials for up to four attendees to attend training, plus \$3,000 per attendee for any additional attendees. You will also need to arrange and pay for transportation, lodging, food and incidental expenses for you and three designated management employees, which will vary depending on your location. You must also pay the salaries and any benefits of your designated management employees while they attend training. In addition, training expenses will vary depending upon how many owners and management employees we determine you must send to training or if you decide to send additional owners or management employees to training. This mandatory initial training must be completed at least 30 days before you open for business. We provide such training in a designated franchised Lee's Famous Recipe Restaurant or other training facility location that we designate. Training lasts approximately six to eight weeks, depending on the extent and nature of your prior restaurant industry experience.

5. **Restaurant Opening Campaign.** Within the first 90 days following the opening of your Restaurant, you must spend a minimum of \$10,000 on a Restaurant opening campaign that we have approved in advance. We reserve the right to collect all or a portion of the Restaurant Opening Campaign Requirement directly from you—either at the signing of this Agreement or before the opening of the Restaurant—and spend it on your behalf in connection with the Restaurant opening campaign; in which case we will spend the Restaurant Opening Campaign Requirement within ninety 90 days following the opening of your Restaurant.

6. **Real Estate.** The estimated initial investment amount does not include the costs of location, selection, land acquisition (by purchase or lease), land preparation, landscaping and other land improvements, or any associated financing costs. You are responsible for obtaining the real estate by lease or purchase on which your Restaurant will be located. The cost for the real estate will vary greatly from location to location depending on many variables, including the size of the property and land prices in the geographic area for your location and we are unable to estimate average lease or purchase and financing guidelines because of the wide variances involved. The estimated average size lot for a Traditional Stand-alone location is generally 24,000 square feet. For a Streamlined location, the size of the space needed would be a minimum of approximately 1,800 to 2,500 square feet. For a Non-Traditional location, the size of the space needed would be a minimum of

approximately 1,800 to 2,500 square feet. You should consult with a commercial real estate professional for assistance prior to obtaining your real estate or entering a lease.

7. **Site Work.** Site work includes costs associated with preparing the location for development, such as grading, utility connections, drainage, grease trap installation, landscaping, concrete and pavement work, storm sewers, and retaining walls. We do not anticipate there being any site work for streamlined or non-traditional locations.

8. **Building and Improvements.** The building for a Traditional Stand-alone location contains between 2,000 and 2,800 square feet. The premises leased for a Streamlined or Non-traditional location contains approximately 1,800 to 2,500 square feet. The cost of the build-out at the leased premises will vary greatly from location to location. The building and improvements costs include the costs for architectural and engineering plans. All costs for the architectural and engineering plans are your responsibility. You are obligated, at your expense, to retain a licensed architect to prepare all required construction plans to suit the site and to ensure that such plans comply with all applicable laws, ordinances, building codes, permit requirements, lease requirements and restrictions. You are responsible for the cost of any modifications to the plans. We must approve all final plans before the start of construction. If you convert an existing building for use as a Lee's Famous Recipe Restaurant, you may not incur all of the costs of a new building, but conversion costs vary widely depending on the type of building, condition, prior use, compliance with the Americans with Disabilities Act, deferred maintenance and facility upgrades that are required. Typical locations are shopping centers or shopping areas and require ample parking and accessibility, drive-through capability, good visibility and availability of prominent signage.

9. **Equipment, Furniture and Signage.** We prescribe the designated items of furniture, fixtures, equipment, signage and small wares you must purchase. Prices for equipment and signage will vary for each restaurant depending on the building type and location, building codes and health requirements.

10. **POS System.** We prescribe the hardware and software for a computerized electronic point-of-sale system and other computer systems, software and communications equipment that are necessary to operate your Restaurant. See Item 11 for more information.

11. **Opening Inventory.** You will need to purchase opening inventory that complies with our specifications and is purchased from us or approved suppliers. We may be an approved supplier for certain items. This amount does not reflect amounts needed to replenish inventory during the initial stage of operation. See Item 8 for additional information. Your expenditures for opening inventory may vary according to your anticipated sales volume and the current market prices. Generally, amounts paid to approved suppliers for inventory are not refundable.

12. **Miscellaneous Opening Costs.** In addition to the above items, you must pay for various building permits, utility deposits, prepaid tax payments, your accountant's and attorney's fees, pre-opening wages for your Restaurant employees, and a security deposit if you lease your real estate (estimated at two months' rent for Streamlined and Non-Traditional Locations). The cost of these items will vary greatly depending upon where your Restaurant will be located.

13. **Insurance.** You must obtain the types of insurance that your Franchise Agreement requires from an insurer with an A.M. Best rating of at least “A” before you open your Restaurant. In addition, if you lease your location, you must also obtain the insurance that your lease requires. You should contact your insurance advisor prior to entering an Area Development Agreement or Franchise Agreement because the costs of insurance vary widely and may not be refundable. See Item 11 for more information.

14. **Additional Funds.** This amount is an estimate of your initial operating expenses for one restaurant during the first three months of operations after opening. These expenses include payroll costs, but your labor expenses may differ depending on actual staffing levels, employee taxes, wage levels and benefit levels. These estimates do not include any salary or draw for the owners. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business expertise; local economic conditions; the local market for your business; the prevailing wage rate; competition; your mortgage or rent payments; and the sales level reached during the initial period.

15. **Totals.** The totals in the first table are estimates for a single restaurant or your first restaurant under an Area Development Agreement and are based on the restaurant operating and franchising experience of our management. If you sign an Area Development Agreement, then in addition to the estimated initial investment for your first restaurant, you will also pay us a Development Fee as noted in the second table, which reflects a Development Fee for the development of one to five Restaurants. You should review these figures carefully with a business advisor, such as an attorney, accountant and/or commercial real estate professional, before making any decision to enter into a Franchise Agreement or an Area Development Agreement. The calculation of payments made to third parties and a determination of whether they are refundable will be determined by those third parties.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the System, you must maintain and comply with our quality standards. You must construct and equip your Restaurant in accordance with our then-current approved design, specifications and standards, and it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws.

Location of your Restaurant

You must locate a site for your Restaurant that we approve (the “**Authorized Location**”), and you may not sign a lease or enter into a purchase agreement to acquire any land or building for the Authorized Location until we have given our approval in writing. As part of the approval process, you must submit to us certain development materials for the proposed Authorized Location, including a written description of your proposed Authorized Location together with evidence satisfactory to us that confirms your favorable prospects for obtaining the proposed location. We approve locations on a case-by-case basis, considering items such as size, appearance, and other physical characteristics of the site, demographic characteristics, traffic patterns, competition from other businesses in the area and other commercial characteristics, such as purchase price and financing if you are acquiring the land and buildings and rental obligations and other lease terms (including those that we require be in the lease) if you lease the premises for your Restaurant. We

will give you written notice of our approval or rejection of the proposed location within 30 days after receiving all required materials from you.

Prior to executing the lease for the Restaurant (if you are leasing the Restaurant premises), you must submit to us a copy of the lease for examination and approval. We will review the lease to ensure that it contains the terms that we require in all leases. We will give you written notice of our approval or rejection of the proposed lease within 30 days after receiving all required materials from you. You and your landlord must also execute a lease addendum in the form that we prescribe (see Exhibit C of the Franchise Agreement).

We may also require that the Authorized Location that you secure be leased directly to us or our affiliate under a form of lease that we approve; after which, we will then sublease the Authorized Location to you under the standard sublease that we use for such purposes. Alternatively, we may, at our option, require you to cause any lease to be collaterally assigned to us or our affiliate in the form that we prescribe in order to secure the performance of your obligations under the Franchise Agreement.

Building Construction; Leasehold Improvements; Fixtures; Equipment; Furniture; and Signs

You must satisfy our specifications and standards in constructing and developing your Restaurant. Promptly after you sign a lease or acquire the Authorized Location and receive from us the prototype plans and specifications for the Authorized Location, you will:

1. with the assistance of a licensed architect we designate or approve, prepare and submit to us for approval any proposed modifications to our basic plans and specifications, which you may modify only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;
2. obtain all required building, utility, sign, health, sanitation, food handling, and business permits and licenses, and any other required permits and licenses;
3. construct all required improvements to the Restaurant, purchase and install all required fixtures and equipment and decorate the Restaurant in compliance with the plans and specifications we approve and in compliance with all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;
4. establish filing, accounting and inventory control systems complying with our requirements;
5. contract with a qualified, licensed, insured and bonded general contractor to supervise the construction of the Restaurant;
6. provide proof that you have builders' risk insurance, as further described in Item 11.

You must use in constructing and operating the Restaurant only those types of construction and decorating materials, fixtures, equipment (including computer hardware and software), furniture, and signs that we have approved as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any material, fixture, equipment, furniture or sign we have not then approved, or any items from any supplier we have not then

approved, you must first notify us in writing and provide to us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria. We or an affiliate may be an approved supplier of one or more of these items. We may charge a reasonable fee up to \$1,000, plus our costs and expenses, per request to evaluate any proposed material, fixture, equipment, furniture, sign, or supplier you submit to us for our evaluation.

You must ensure that the plans and specifications comply with the Americans with Disabilities Act and all other applicable federal, state and local laws, ordinances, building code and permit requirements and lease requirements and restrictions.

Computer System; Proprietary Software

You also must purchase the computer, point-of-sale system (the “**POS System**”), designated back-office software (including certain inventory management, food costs management, and other features or program), and all existing or future communication or data storage systems, components thereof and associated services that we may develop or select for the System (together, the “**Computer System**”), all of which must meet our then-current specifications and/or standards. We may require the Computer System to be configured as a package unit. You will be required to use and, at our discretion, pay for all future updates and modifications to the Computer System. We have no obligation to provide any maintenance, repairs, upgrades or updates to the POS System or Computer System.

Relatedly, you must obtain and use certain proprietary software (the “**Proprietary Software**”) from us or our designated third-party supplier. You must enter into our or our designee’s standard form software license agreement in connection with your use of the Proprietary Software. We reserve the right to charge you a license fee related to your use of the Proprietary Software; if we require you to do so, then you will pay the then-current fee for the Proprietary Software at or before the Proprietary Software is delivered to you.

You must comply with all applicable legal, regulatory and credit card brand requirements regarding the use of information technology and personally identifiable information in your Restaurant. You must honor all credit, charge, courtesy or cash cards or other credit devices that we specify. You must comply with the then-current Payment Card Industry Data Security Standards (“**PCI/DSS**”) as those standards may be revised by the PCI Security Standards Council, LLC or successor organization. Among other things, you agree to implement the security requirements that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third-party qualified security assessor conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved vendor to assist you on an ongoing basis. We reserve the right to establish a PCI compliance program. Should we do so, you must follow such program, pay us or our designated third-party supplier the then-current monthly fee associated with the program, and sign our or our designated third-party supplier’s standard form agreement related to your participation in the program.

You will have at your Restaurant internet access with a form of high-speed connection as we require. You will further use an e-mail address we designate for communication with us.

Products; Services

You must offer and sell only the Products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. In addition, you must use only such beverages, ingredients, recipes, formulas, supplies and equipment that we have approved as being suitable for use and meeting the standards of quality and uniformity for the System. These items must be purchased from suppliers we have approved (which may include us and/or our affiliates). We periodically may modify the lists of approved Products, services, brands and suppliers.

You may not utilize on-line or internet-based delivery scheduling companies or applications, or authorize or permit any person, entity, third party, or technology to engage in, delivery operations at or from the Restaurant, unless such delivery operations or program has been expressly approved, in writing, by us. We may grant or not grant such approval in our sole discretion. We may condition our approval on, among other things, (a) your strict compliance with the Franchise Agreement and the standards and specifications for Restaurant operations set forth in the Operations Manual; and/or (b) your strict compliance with any delivery rules, procedures, requirements or standards that we may establish, such as, obtaining and maintaining additional and specialized insurance, and purchasing (or leasing) and using new or additional equipment and software for ordering, tracking, and reporting on deliveries, implementing a new or modified POS System(s), and utilizing required packaging; and/or (c) your utilization of designated or approved third-party ordering, delivery and/or billing services and/or software; and/or (d) your strict compliance with our standards and requirements for billing, collections and reporting of such services.

Supplier and Product Approval

We have the right to approve the manufacturer, supplier and/or distributor of any approved Products and services you may sell or use in your Restaurant. None of our officers own any interest in any of the approved third-party suppliers.

As of the issuance date of this disclosure document, we and our affiliates have arrangements with the following vendors for the pricing of goods and services for which you are currently required to purchase or participate:

- Pepsi-Cola Sales and Distribution Inc (“**PepsiCo**”); and
- Dr. Pepper/Seven Up, Inc. (“**Dr. Pepper**”).

You must purchase the proprietary branded Products that we or our affiliates develop from time to time, and you must purchase them only from us or our affiliate, Lee’s Distribution. We and/or Lee’s Distribution, may be the sole supplier of some or all of these items and we and/or Lee’s Distribution have the right to make a profit off of any purchase. As of the issuance date of this disclosure document, Lee’s Distribution is the only approved supplier for the following Products: Lee’s macaroni & cheese, baked bean sauce, baked bean seasoning, green bean topper, gravy, biscuit dough, chicken seasoning and spice, chicken marinade, chicken breading and dips, dipping sauces and dressings.

You must currently purchase the following types of items only from suppliers approved by us: labels, bags, other packaging and containers, utensils and napkins, buns and rolls, desserts, non-poultry protein items, side items and components, and cleaning supplies.

We or our affiliates may sell some of the advertising and sales promotion materials and non-food products used in the franchised business. In addition, we have the right to produce and require you to purchase from us from time-to-time certain restaurant training materials for use with your employees.

We ordinarily establish reasonable and detailed specifications and/or standards for major or principal Products used in your business. We modify or adjust these specifications and/or standards from time to time as we deem appropriate. We will not make these specifications available to you, but will, upon request, provide summary specifications to you that may be used in determining the interest of a manufacturer or processor in providing a particular product. We have the right to require that they sign a non-disclosure agreement.

There are some approved Products and services for which we do not have detailed written specifications and/or standards. We do, however, establish for these Products and services either parameter specifications or certain other products or services as the standard of comparison for these items for purposes of obtaining approval of alternative manufacturers, suppliers and/or distributors.

You must at all times maintain an inventory of approved food products, beverages, ingredients and other products sufficient in quantity and variety to realize the full potential of your Restaurant. You must use the menus and menu boards that we designate and serve meals and Products in the manner we designate.

We may approve, directly or through a co-operative purchasing group, one or more distributors or other suppliers for any product, ingredient, paper goods, supply or material used in Lee's Famous Recipe Restaurants, and we may approve a distributor or other supplier only as to certain Products, ingredients, paper goods, supplies or other materials. We and our affiliates may concentrate purchases with one or more distributors or suppliers to obtain lower prices, better advertising support, or better services for any group of Lee's Famous Recipe restaurants.

If you propose to offer for sale or use in operating the Restaurant any products, ingredients, supplies and equipment which we have not approved, you must first notify us in writing, pay our then-current supplier and product approval fee (currently \$500 per supplier or item) and any related costs we incur, and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We may condition approval of a distributor or other supplier on requirements relating to the frequency of delivery, standards of service (including prompt attention to complaints or other criteria), adequate insurance, product quality, food security plan, Hazard Analysis Critical Control Point ("HACCP") food safety plan, product recall process, accessibility for inspection and concentration of purchases, or other appropriate considerations. We will notify you within 30 days of our receipt of all requested documents, information, and items whether the proposed brand and/or supplier is approved. We may grant temporary approval, pending our further evaluation of the distributor or other supplier. We may develop procedures for the submission of a request for approved brands or suppliers and

obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by the approved supplier). We may impose limits on the number of suppliers and/or brands for any products, ingredients, supplies or equipment sold or used in the Restaurant or otherwise related to your Restaurant, and we may require that you use only one supplier for any products, ingredients, supplies or equipment. We reserve the right to revoke our approval with 90 days' notice, or such lesser time that is necessary to protect the goodwill of the Marks.

The equipment that you use in your Restaurant must also meet our specifications and/or standards to maintain product quality, appearance, value and customer perceptions.

As of the issuance date of this disclosure document, the only approved suppliers of the following equipment are listed below:

1. Alto-Shaam, Blodgett or Vulcan for convection ovens;
2. Bunn for hot water dispensers;
3. Henny Penny for pressure fryers and warming cabinets;
4. AyrKing for breading tables;
5. Intek or AccuTemp for steamers;
6. Pepsi for post-mix carbonated beverage systems;
7. The Howard Company or RSS Technology Solutions for digital menu boards; and
8. Focus POS for the POS System.

We and our affiliates reserve the right to receive rebates, marketing allowances, and similar funds from third party suppliers. Currently, our Parent receives flat rate rebates, marketing allowances, and/or similar funds from PepsiCo and Dr Pepper based upon the volume of products purchased by all Lee's Famous Recipe restaurants. Our Parent also receives a flat rebate from Dining Alliance on broadline restaurant and food service supply items based upon the volume of products purchased by all Lee's Famous Recipe Restaurants. These payments may range from less than 1% up to 10% or more of the total purchase price of those items. We and our Parent reserve the right to use these rebates, marketing allowances, and similar funds in any manner we determine in our/its sole discretion.

In the year ended December 31, 2024, we did not receive any revenue from required purchases or products and services by franchisees, but our affiliate, Lee's Distribution, received \$15,138,107 in revenue from required purchases or products and services by franchisees and corporate owned and operated units. Due to the Lee's Distribution's method of invoicing and payment collection, we are unable to report the specific revenue that Lee's Distribution derived from franchisee-specific purchases.

We may negotiate purchase arrangements with suppliers and distributors, including price terms, that will benefit the System, but we do not negotiate on behalf of individual franchisees.

Insurance

You must purchase and maintain insurance at a minimum in the types of coverage and amounts we specify below, in the Operations Manual, or otherwise in writing. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us and that have an A.M. Best rating of

A or higher; (2) name us and our affiliates, and their respective officers, directors and employees, as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the below-listed insurance coverage for each Lee's Famous Recipe Restaurant that you operate; and (5) provide that we will receive 30 days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and as approved by us). As applicable, you will ensure that the any insurance required by us includes primary and non-contributory endorsement or language in form or content as we periodically require. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability.

You must purchase and maintain in full force at your sole cost and expense:

(i) worker's compensation and employer's liability insurance as prescribed by law (or a similar policy and coverage for restaurants that are located in a non-subscriber state);

(ii) business interruption insurance, including lease rentals, for a period adequate to re-establish normal business operations;

(iii) commercial general liability insurance (with products, personal and advertising injury, completed operations, and contractual liability and independent contractors coverage) and commercial motor vehicle liability insurance (for owned, hired and non-owned vehicles) against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Restaurant (or otherwise in conjunction with your conduct of business pursuant to this Agreement) under one or more policies of insurance, each on an occurrence basis, for personal and bodily injury, death and property damage, having a minimum limit of \$1,000,000 per occurrence and a general aggregate limit of not less than \$2,000,000;

(iv) unemployment compensation, disability insurance, social security, health, and any other mandatory insurance required by law;

(v) property insurance (special form including wind, hail, flood and earthquake) with no coinsurance, covering the building and equipment in the amount of full replacement value;

(vi) employment practices liability insurance; and

(vii) builders' risk insurance on a completed value basis during the period of any construction, remodeling or restoration.

If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we may, at our option, obtain insurance coverage for you. The applicable policy or policies required must insure your obligation to indemnify and hold us harmless as set forth in this Agreement. The insurance requirements specified in this Agreement are for our protection. You should consult with your own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

Miscellaneous

We do not provide material benefits to you based on your purchase of particular products or services or use of particular suppliers.

The required purchase of goods and services from us will represent approximately 2% to 6% of your overall purchases in establishing and operating your Restaurant. We estimate the required purchases from approved suppliers or under our specifications will represent approximately 25% to 50% of your costs to establish your Restaurant, and approximately 25% to 50% of your costs to operate your Restaurant.

There are currently no purchasing or distribution cooperatives. In the future, we may require you to become a member of a purchasing and/or distribution cooperative association program established by us and remain a member in good standing of the purchasing and/or distribution cooperative association program, and pay all membership dues or fees on purchases that are assessed by the purchasing and/or cooperative association program.

ITEM 9: FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section In Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 6 of Franchise Agreement; Section 6 of Area Development Agreement	Items 5, 7 and 11
b. Pre-opening purchase/leases	Sections 6 and 9 of Franchise Agreement	Item 5, 7 and 8
c. Site development and other pre-opening requirements	Section 6 of Franchise Agreement; Section 6 of Area Development Agreement	Items 5, 7 and 11
d. Initial and ongoing training	Section 7 of Franchise Agreement	Items 5,7, 11 and 15
e. Opening	Section 6 of Franchise Agreement; Section 6 of Area Development Agreement	Items 5 and 11
f. Fees	Sections 4, 5, 6, 7, 9, 14, and 15 of Franchise Agreement; Section 3 of Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections 2, 4, 5, 6, 7, 8, 9, 10, and 11 of Franchise Agreement; Section 7 of the Area Development Agreement	Items 8, 11 and 16
h. Trademarks and proprietary information	Sections 2 and 8 of Franchise Agreement; Section 12 of Area Development Agreement	Items 13 and 14

Obligation	Section In Agreement	Disclosure Document Item
i. Restrictions on products/services offered	Sections 2 and 9 of Franchise Agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Section 9 of Franchise Agreement	Items 6, 8 and 11
k. Territorial development and sales quotas	Sections 2 and 6 of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Sections 6, 7, and 9 of Franchise Agreement	Items 6, 8 and 11
m. Maintenance, appearance and remodeling requirements	Sections 6, 9, and 16 of Franchise Agreement	Item 11
n. Insurance	Section 9 of Franchise Agreement	Items 6, 7 and 8
o. Advertising	Sections 4, 5, and 6 of Franchise Agreement	Items 6, 7, 8 and 11
p. Indemnification	Sections 4, 9, and 17 of Franchise Agreement; Section 16 of Area Development Agreement	Item 6
q. Owner's participation/management staffing	Section 9 of Franchise Agreement; Section 7 of the Area Development Agreement	Items 11 and 15
r. Records and reports	Section 10 of Franchise Agreement; Section 14 of the Area Development Agreement	Item 11
s. Inspections and audits	Section 11 of Franchise Agreement	Item 6
t. Transfer	Section 14 of Franchise Agreement; Section 10 of Area Development Agreement	Items 6 and 17
u. Renewal	Section 3 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Sections 6, 8, 9, 16 of Franchise Agreement; Sections 8 and 13 of Area Development Agreement	Item 17
w. Non-competition covenants	Section 13 of Franchise Agreement; Section 13 of Area Development Agreement	Item 17
x. Dispute resolution	Section 18 of Franchise Agreement; Section 17 of Area Development Agreement	Item 17

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee any promissory note, lease or obligation.

ITEM 11: FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as disclosed below, we are not required to provide you with any assistance:

Preopening Obligations

Before you open your Restaurant, we will satisfy the following obligations under the Franchise Agreement, or if appropriate the Area Development Agreement.

- 1) We will designate a territory for you to develop the Restaurant(s) (the “**Designated Territory**”). You must find an Authorized Location for your Lee’s Famous Recipe Restaurant within the Designated Territory. We grant each franchise for a specific location only. We may require that the Authorized Location that you secure be leased directly to us or our affiliate under a form of lease satisfactory to us and subleased to you under the standard sublease then used by us for that purpose. (Franchise Agreement – Section 6)
- 2) We reserve the right to require that you submit to us materials and information related to the proposed site, including a description of the proposed location, a feasibility study (including, without limitation, demographic data, photographs, maps, artists’ renderings, site plans, a copy of the lease, if applicable, and documentation indicating your prospects to acquire the Authorized Location), and such other information related to the development of the Authorized Location as we reasonably request (the “**Development Materials**”). If we require you to submit such Development Materials, we will review those materials and use them as a basis for approving or denying the proposed site that you submit to us for review. Our representatives will examine the proposed location and consult with you, based upon our experience and a study of population, traffic count and information concerning income level of residents and housing costs and any other information available to us relative to the proposed location. While we offer counseling in site selection and have the right to accept or reject all sites, we do not guarantee the suitability or success of the accepted site. We will notify you in writing within 30 days after we receive your complete site report and other materials we request whether the proposed site satisfies our site selection criteria. If we reject the proposed site, you may not proceed at the rejected site but must try to locate an acceptable site within the designated territory of your Franchise Agreement. If we accept the proposed site, you must acquire control of the site by either purchase or lease of the site from independent third parties. If we do not accept a proposed site and as a result you default under the Franchise Agreement, then we may terminate your Franchise Agreement, and if applicable your Area Development Agreement. It is also your responsibility to obtain necessary zoning and construction approvals and permits, architectural services and contracts for building construction or remodeling as required, and equipment in accordance with approved final building and equipment plans. (Franchise Agreement – Section 6(B))
- 3) We will review and approve or deny your lease to ensure that it contains the terms we require in all leases. (Franchise Agreement – Section 6(C))
- 4) We will review and approve or deny any financing related to your real estate or other improvements to the Restaurant, solely to determine, in our reasonable discretion, if such

financing will generate an occupancy cost in excess of the Restaurant's normal operating costs. (Franchise Agreement – Section 6(L))

- 5) We will provide a copy of one set of preliminary architectural plans and/or written specifications for a Traditional Stand-alone Lee's Famous Recipe Restaurant when we accept a proposed site for use by you and your architect. We do not provide preliminary architectural plans for Streamlined and Non-traditional locations. We will either designate or approve the licensed architect that you use in constructing the Restaurant. We must further approve all proposed modifications to our basic plans and specifications before the start of construction. We will also provide approve and deny your opening of the Restaurant once construction is complete (Franchise Agreement – Sections 6(E), 6(G));
- 6) We will grant you a limited right to use the Marks (Franchise Agreement – Section 2).
- 7) We will provide you access to the confidential Operations Manual and the mandatory and suggested specifications, and approved suppliers for the equipment, signs, fixtures, opening inventory and suppliers for the opening of your Restaurant. You must keep the Operations Manual confidential and discontinue using it when the Franchise Agreement terminates (Franchise Agreement – Section 2).
- 8) We will make available to you the Computer System (including the POS System) that we have selected for the System as described further below (Franchise Agreement – Section 6(G)).
- 9) We will provide the initial training program described below to you, or your Operating Principal, and at least three management personnel. (Franchise Agreement – Section 7).
- 10) We will provide you a minimum of two trainers for up to 10 consecutive days in the opening and initial operations of the Restaurant as we reasonably deem necessary provided that (i) opening assistance shall be subject to the availability of our personnel and (ii) you will reimburse us for any expenses incurred by our representatives, such as costs of travel, lodging, meals, and wages (Franchise Agreement – Section 7).

We are not required to assist you with conforming your Restaurant to any ordinances or codes or hiring any employees.

Length of Time Before Opening; Deadline to Open

The typical length of time between signing the Franchise Agreement and the opening of Lee's Famous Recipe Restaurants generally ranges from 120 and 365 days, depending on such factors as site selection, lease negotiations, obtaining acceptable financing arrangements, necessary zoning and building permits, meeting other local ordinances or community requirements, weather conditions, strikes, shortages, slow deliveries and other similar factors relating to completion of construction, remodeling, decorating, purchasing and installing equipment, fixtures and signs.

You must open your Restaurant within 12 months of you signing the Franchise Agreement, unless we provide otherwise in writing, and we may terminate the Franchise Agreement if you fail to do so (Franchise Agreement – Exhibit B).

Ongoing Obligations

Throughout the term of the Franchise Agreement, we will satisfy the following obligations under the Franchise Agreement, or if appropriate the Area Development Agreement.

- 1) Administer the Brand Cooperative Advertising Fund to provide such advertising and advertising material on a national, regional or local basis in accordance with its bylaws. We may require you to pay for some of the advertising materials that we make available to you (Franchise Agreement – Section 5(A)).
- 2) At our discretion, provide supplemental and refresher training for up to seven days each calendar year, in addition to any annual or regional conferences that we may require you to attend (Franchise Agreement – Section 7(B) and (F)).
- 3) Provide advisory services relating to Restaurant operations, which may include those related to Products and services offered for sale, selecting, purchasing and marketing other approved materials and items, marketing assistance and sales promotion programs, and general administrative and operating procedures (Franchise Agreement – Section 7(D)).
- 4) Periodically provide you with updated and revised materials for the Operations Manual (Franchise Agreement – Section 7(E)).
- 5) At our discretion, establish, advertise, and promote maximum prices on menu items, products, and services, subject to compliance with applicable laws (Franchise Agreement – Section 9(F))
- 6) Provide you access to our website and intranet system, subject to your compliance with the terms of the Franchise Agreement (Franchise Agreement – Section 9(Q))
- 7) At our discretion, conduct periodic inspections and audits of your Restaurant and periodic evaluations of the products you use and sell in your Restaurant (Franchise Agreement – Section 11).

Advertising

Brand Cooperative Advertising

We, or our designee, maintain and administer an advertising fund (the “**Brand Cooperative Advertising Fund**” or the “**Fund**”) for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate in our sole discretion. The current designee to maintain and administer the Brand Cooperative Advertising Fund is our affiliate, Lee’s Advertising. You must join, actively participate in, and comply with the then-current bylaws of Lee’s Advertising (attached as Exhibit I) or any successors or replacements we

designate. For ease of reference, we may refer to us and Lee's Advertising together as "we" throughout this Brand Cooperative Advertising section.

As of the issuance date of this disclosure document, we have a Brand Cooperative Advertising council composed of nine directors. The council operates from a set of bylaws (attached as Exhibit I). We appoint three directors to the council and Lee's Famous Recipe franchisees and licensees appoint the remaining six directors, with each member Restaurant receiving one vote. The council possesses certain operational and decision-making power on matters related to the investment of Brand Cooperative Advertising funds, the approval of certain advertising programs and promotions, and rules and policies relating to advertising and marketing materials, among other items. We may change or dissolve the advertising council so long as there is a majority approval of all voting members to make the change or dissolution.

You must contribute 3% of your Gross Sales (as defined in Item 6) on a weekly basis to the Brand Cooperative Advertising Fund. We also will contribute to the Brand Development Fund for each Lee's Famous Recipe Restaurant that we or our affiliates develop or acquire and operate in the United States at the same percentage rate that you pay into the Brand Cooperative Advertising Fund. Other Lee's Famous Recipe franchisees and licensees contribute at different rates and at different times. (Franchise Agreement – Sections 4(C) and 5(A))

Disbursements from the Fund will be made to pay expenses we incur, in our sole discretion, in connection with the general promotion of the Marks and the System, including the cost of formulating, developing and implementing advertising, marketing, direct mail, promotional and public relations campaigns; expenses related to market research and customer and franchise satisfaction surveys; the cost of product research and development and menu development; creative development services (including creation and modification of Lee's Famous Recipe Restaurant design and trade dress, logos, menu design, graphics, and vehicle wraps, and advertising and promotional items, including the cost of retiring expired or obsolete printed items and materials, photography services, and design software); organizing and hosting franchise conferences; the development and maintenance of online ordering, website hosting and e-commerce programs; and the reasonable costs of administering the Fund, including the cost of employing advertising, public relations and other third party agencies to assist us and providing promotional brochures and advertising materials to Lee's Famous Recipe Restaurants and to regional and local advertising cooperatives (if we establish such cooperatives), as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Fund. The Brand Development Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the Fund. The Brand Development Fund is intended to maximize the public's awareness of Lee's Famous Recipe Restaurants and the System, and we have no obligation to ensure that any individual franchisee benefits directly or on a pro rata basis from the placement, if any, of advertising, marketing or other activities in its local market. We may use a portion of the monies (but no more than 20% of Brand Development Fund) contained in the Fund to establish regional marketing funds and/or to maintain our Website, which may include one or more pages dedicated to promotion of the franchise program and franchise sales. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Lee's Famous Recipe to the Brand Development Fund in that year. We may have the Brand Development Fund borrow from us or other lenders to cover any Brand Development Fund deficits. If we do not spend the monies in the Brand Development Fund in the year they were

collected, then they will be carried forward to the Brand Development Fund for the following year. We may, through the Brand Development Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as plans and materials we furnish to other Lee's Famous Recipe restaurants. We will determine the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. We will prepare an annual statement of monies collected and costs incurred by the Brand Cooperative Advertising Fund and furnish it to you upon written request. (Franchise Agreement – Section 5(A))

During the time period from January 1, 2024 to December 31, 2024, the Brand Cooperative Advertising Fund expenditures were as follows:

Advertising and Promotions	58.5%
Brand Programs	16.7%
System Promos and LTOs	8.2%
Public Relations and Donations	3.5%
Administration of Cooperative	13.1%
	100.0%

Restaurant Opening Campaign Requirement

As described in Item 5 and Item 7, during the first 90 days following the opening of your Restaurant, you must spend a minimum of \$10,000 on a Restaurant opening campaign that we have approved in advance. You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Restaurant opening campaign. Ninety days prior to the Restaurant's opening for business, you will submit to us a grand opening advertising marketing plan, in accordance with the requirements set forth in the Operations Manual or as otherwise required by us. We reserve the right to collect the \$10,000 directly from you and spend it on your behalf in connection with the Restaurant opening campaign, in which case we will spend the Restaurant opening campaign requirement within 90 days following the opening of your Restaurant. On or before the last day of each month during the first three months of Restaurant operations, you must provide us with an accurate accounting of Restaurant opening campaign (advertising and marketing) expenses.

Regional Advertising Cooperative

In the future, we may require you to participate in, support and contribute to the cost of regional cooperative advertising programs that we designate. We reserve the right to designate regional and local advertising markets, to establish regional advertising councils and to establish the bylaws and other rules under which such councils will operate. Your contributions to regional and local advertising cooperatives (the "**Regional Advertising Cooperative Contributions**") will be credited toward your local marketing expenditures, as we periodically prescribe. We have the power to create, merge, change, and dissolve any regional cooperative advertising programs at any time upon notice to you. If any company-owned Restaurants are located within the Regional Advertising Cooperative territory, then those company-owned Restaurants will (i) contribute to the Regional Advertising Cooperative and (ii) retain voting power in the Regional Advertising

Cooperative in the same manner as you and any other Lee's Famous Recipe franchisees that participate in the Regional Advertising Cooperative. (Franchise Agreement – Section (5(C)))

There currently exists a local advertising cooperative in Ohio, LFRC OH Advertising Cooperative Inc. (the "**OH Cooperative**"). As of the issuance date of this disclosure document, there are 24 participating units in the OH Cooperative (9 corporate owned and operated units, 3 franchised units, and 12 licensed units); each participating unit receives one vote. All participating units contribute 1% of Gross Sales, which is then spent on regional advertising. If you operate a Lee's Famous Recipe restaurant in the OH Cooperative's area then you will be required to participate, and you may be required to sign governing documents for the OH Cooperative.

Local Market Advertising and Promotion

In addition to your required contributions to the Brand Cooperative Advertising Fund described above, we may require you to spend or pay us the Local Advertising Expenditure, which may be up to 1% of Gross Sales on approved local advertising and promotion of your Restaurant, exclusive of on-site signs, telephone directory listings, and costs of Products sold at a reduced cost or given away. If we require you to pay us the Local Advertising Expenditure, then we will spend it on your behalf in our sole discretion. Each quarter, or at any other time upon our reasonable request, you must provide us with documentation evidencing that you have spent the minimum amount of Local Advertising Expenditure. (Franchise Agreement – Section (5(B)))

All advertising, promotional and marketing materials you use must meet our standards and you must obtain our prior written approval before implementing or using the advertising, promotional or marketing materials (including any Internet, online electronic or social network). You may not use any advertising or promotional materials that we have disapproved. If you use any advertising or promotional materials without submitting those materials to us or if you use materials we disapprove, in addition to any separate remedies we may have, any amounts spent on those materials will not be credited toward your local marketing obligations (Franchise Agreement – Section (5(D)))

In addition, you will use only our approved advertising and promotional materials in promoting the Restaurant. If you desire to use any advertising or promotional materials in promoting the Restaurant which we previously have not approved, you must submit all materials to us for our approval before using any such materials, which approval will not be unreasonably withheld. If we do not disapprove those advertising or promotional materials within 10 days after you submit those materials to us, then you may use the materials, although we reserve the right to later disapprove those materials. If you use any advertising or promotional materials without submitting those materials to us or if you use materials we disapprove, in addition to any separate remedies we may have, any amounts spent on those materials will not be credited toward your local marketing obligations described below.

Computer System

You must purchase the Computer System (as defined above in Item 8) which we have developed or selected for your Restaurant. We have the right to designate a single source from which you must purchase the Computer System and we or our affiliates may be that single source.

You must use any such Proprietary Software that we require, and the Proprietary Software will remain the confidential property of us or our third-party supplier. You must enter into our or our designee's standard form software license agreement in connection with your use of any Proprietary Software. We reserve the right to charge you an initial license fee related to your use of the Proprietary Software. You will pay the then-current fee (if any) for the Proprietary Software at or before the Proprietary Software is delivered to you. The Computer System may also include the use of various technology platforms, applications or services, which may include online ordering, third-party delivery services and other technology-based services as further described in the Operations Manual. You will pay the then-current fees associated with any technology platform we require to the designated third-party provider. (Franchise Agreement – Section 6(G))

You must pay us the Technology Fee described in Item 6 for Computer System support and periodic updates we or our designee provide to you respecting the Proprietary Software. As of the issuance date of this disclosure document, the Technology Fee is \$100 per month. We may increase the Technology Fee upon 60 days' notice to you, but the monthly Technology Fee will not increase by more than 25% annually during the initial term of the Franchise Agreement. (Franchise Agreement – Section 4(F)) We reserve the right to assign our rights, title and interest in any Computer System and/or Proprietary Software to a third party we designate or to replace the Computer System and/or Proprietary Software. In such event, you may be required to enter into a separate software license agreement specified by the third-party supplier of the Computer System and/or Proprietary Software and pay any separate fees imposed under that agreement.

We require that you purchase or lease and use a POS System that has been approved in writing by us and meets our specifications and requirements. Currently, the only approved POS system is Focus POS. The POS system will manage the daily workflow of the business, coordinate the customer ordering experience, track inventory, food costs, labor, and other financial information, and have the capability to provide specific detailed information in both dollar amounts and percentages. Menu items and specific recipes must be able to be loaded into the system in order to obtain an "ideal usage" report along with an "actual usage" report and an "ideal food cost" report. (Franchise Agreement – Section 6(G))

We estimate the cost of purchasing the Computer System to be between \$1,000 and \$2,000 and we estimate the cost of purchasing the POS System to be between \$30,000 and \$40,000. We currently require you to purchase certain back-office software from our approved vendor, which currently costs between \$100 and \$200 per unit per month, and includes software for inventory management, food cost management, and other features. We currently do not require you to purchase other components of the computer system from an approved vendor, but reserve the right to do so in the future. Financing for the Computer System may be available from our designated suppliers. Any software fees are currently paid directly to the relevant approved third-party supplier.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System, including the POS System; nor are we required to provide you upgrades respecting the Proprietary Software. There are no limitations in the Franchise Agreement regarding the cost of such required support, maintenance, repairs, or upgrades; however, we estimate the annual costs of required maintenance, updating, upgrading or support contracts will be between \$1,500 and \$3,500 for the Computer System and between \$8,000 and \$15,000 for the POS System. We may revise our specifications for the Computer System and Proprietary Software periodically.

Consequently, you must upgrade or replace your Computer System and/or Proprietary Software at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation. (Franchise Agreement – Section 6(G))

We also may independently access and retrieve financial information and customer data produced by or otherwise located on your Computer System (collectively the “**Customer Data**”). During the Term, we will own the Customer Data that is stored on the Computer System, although you will be responsible for obtaining all customer consents necessary to allow us to use the Customer Data for various purposes as we may identify. We will periodically establish policies respecting the Customer Data. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You cannot use the Customer Data for any purpose other than the operation of the Restaurant consistent with our standards of use. There are no contractual limitations on our right to access the information and data. There are no limits in the Franchise Agreement on our right to poll information from your POS System, either directly or through our vendor. You will be required to subscribe to the approved polling system we designate at your expense. We estimate the annual cost to you for our polling of information will be \$1,500 to \$3,500 per year. (Franchise Agreement – Section 6(G))

Internet and Website

You must have Internet access with a form of high-speed connection as we require. You will use an e-mail address we designate for communication with us.

You will participate in our website listed on the Internet or other online communications (the “**Website**”) and participate in any intranet system we control. We will, at our discretion, determine the content and use of the Website and intranet system and will establish rules under which you may or will participate. We will retain all rights relating to the Website and intranet system and may alter or terminate the Website or intranet system upon thirty (30) days’ notice to you. Your general conduct on the Internet and our intranet system, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation on the Internet), will be subject to the provisions of the Franchise Agreement. You acknowledge that certain information obtained through your online participation on the Website or intranet system is considered Confidential Information, including access codes and identification codes. In the event that you are in breach of the Franchise Agreement, then we also have the right to temporarily remove information concerning the Restaurant from our website and/or stop your or the Restaurant’s participation in any other programs or benefits offered on or through the website. Your right to participate on the Website or intranet system or otherwise use the Marks or the System on the Internet will terminate when the Franchise Agreement expires or terminates.

Operations Manuals

The following chart displays the table of contents of these Manuals as of the date of this disclosure document:

OPERATING STANDARDS MANUAL

Table of Contents	Pages
Chicken Preparation	7
Famous Recipe Chicken	36
Spicy Chicken	21
Oven Roast Chicken	9
Boneless Chicken	76
Other Entrees	64
Famous Sides	94
Desserts	12
Drinks	10
Signature Sauces	1
Shortening Care	4
Product Assembly	8
Catering	7
Purchasing Guide	1
Brand Standards	34
TOTAL	384

TRAINING EXCELLENCE MANUAL

Table of Contents	Pages
Food Safety & HACCP	30
Mini - Sessions	9
Team Member Training Program (TMTP)	32
Shift Manager Training Program (SMTP)	28
Management Training Program (MTP)	125
Advanced Management Development Program (AMDP)	68
General Manager Training Program (GMTP)	5
TOTAL	297

Training

Below is a description of our initial training program as of the date of this disclosure document:

TRAINING PROGRAM

Subject	Number of Hours of Classroom Training	Number of Hours of On-The-Job Training	Location
Orientation	----	1 hour	Designated Training Restaurant*
Cooking Chicken	----	40 hours	Designated Training Restaurant*
Study Time	----	2 hours	Designated Training Restaurant*
Product Receiving and Storage	----	1 hour	Designated Training Restaurant*
Prep	----	5 hours	Designated Training Restaurant*

Subject	Number of Hours of Classroom Training	Number of Hours of On-The-Job Training	Location
Week One Test	1 hour	----	Designated Training Restaurant*
Week One Evaluation	1 hour	----	Designated Training Restaurant*
Cooking Chicken	----	40 hours	Designated Training Restaurant*
Study Time	----	2 hours	Designated Training Restaurant*
Product Receiving and Storage	----	1 hour	Designated Training Restaurant*
Prep	----	5 hours	Designated Training Restaurant*
Week Two Test	1 hour	----	Designated Training Restaurant*
Week Two Evaluation	1 hour	----	Designated Training Restaurant*
Register	----	40 hours	Designated Training Restaurant*
Expediter	----	4 hours	Designated Training Restaurant*
Dining Room Customer Service	----	4 hours	Designated Training Restaurant*
Introduction to Administrative Duties	----	1 hour	Designated Training Restaurant*
Pre-Opening Manager's Duties	----	5 hours	Designated Training Restaurant*
Hourly Readings/Labor Tracking	----	3.5 hours	Designated Training Restaurant*
Position Chart	----	1 hour	Designated Training Restaurant*
Deposit Tracking/ Cash Policies	----	2.5 hours	Designated Training Restaurant*
POS Daily Reports	----	5 hours	Designated Training Restaurant*
Week Three Test	1 hour	----	Designated Training Restaurant*
Week Three Evaluation	1 hour	----	Designated Training Restaurant*
Register	----	40 hours	Designated Training Restaurant*
Expediter	----	4 hours	Designated Training Restaurant*
Dining Room Customer Service	----	4 hours	Designated Training Restaurant*
Introduction to Administrative Duties	----	1 hour	Designated Training Restaurant*
Pre-Opening Manager's Duties	----	5 hours	Designated Training Restaurant*
Hourly Readings/Labor Tracking	----	3.5 hours	Designated Training Restaurant*
Position Chart	----	1 hour	Designated Training Restaurant*
Deposit Tracking/ Cash Policies	----	2.5 hours	Designated Training Restaurant*
POS Daily Reports	----	5 hours	Designated Training Restaurant*
Week Four Test	1 hour	----	Designated Training Restaurant*
Week Four Evaluation	1 hour	----	Designated Training Restaurant*
Packer	----	40 hours	Designated Training Restaurant*
Posting Invoices	----	1 hour	Designated Training Restaurant*
Local Ordering and Receiving	----	1 hour	Designated Training Restaurant*
Prep Sheet	----	1 hour	Designated Training Restaurant*
Operations Checklist	----	1 hour	Designated Training Restaurant*
Hourly Rounds (Manager's Walk)	----	3 hours	Designated Training Restaurant*
Week Five Test	1 hour	----	Designated Training Restaurant*
Week Five Evaluation	1 hour	----	Designated Training Restaurant*
Closing Paperwork	----	10 hours	Designated Training Restaurant*
Running a Shift	----	40 hours	Designated Training Restaurant*
POS Register System	----	5 hours	Designated Training Restaurant*

Subject	Number of Hours of Classroom Training	Number of Hours of On-The-Job Training	Location
Shift Change	----	1.25 hours	Designated Training Restaurant*
Shift Checklist	----	1.25 hours	Designated Training Restaurant*
Closing Manager's Duties	----	12.5 hours	Designated Training Restaurant*
Manager's Walks	----	1 hour	Designated Training Restaurant*
Projections	----	1 hour	Designated Training Restaurant*
Week Six Test	1 hour	----	Designated Training Restaurant*
Week Six Evaluation	1 hour	----	Designated Training Restaurant*
Positioning	----	1.25 hours	Designated Training Restaurant*
Weekly evaluation	1 hour		Designated Training Restaurant*
Manage Day and Night Shifts	----	35 hours	Designated Training Restaurant*
Operations Checklist	----	2.5 hours	Designated Training Restaurant*
Projections	----	2.5 hours	Designated Training Restaurant*
Positioning	----	2.5 hours	Designated Training Restaurant*
3x5 Card Planning System	----	1 hour	Designated Training Restaurant*
Employee Discipline	----	.5 hour	Designated Training Restaurant*
Food Cost Control System	----	5 hours	Designated Training Restaurant*
Closing Paperwork	----	10 hours	Designated Training Restaurant*
Orientation/ Training Superstars	----	1.5 hours	Designated Training Restaurant*
Week Seven Test	1 hour	----	Designated Training Restaurant*
Week Seven Evaluation	1 hour	----	Designated Training Restaurant*
Running a Shift	----	40 hours	Designated Training Restaurant*
Restaurant Opening Procedures	----	5 hours	Designated Training Restaurant*
Evaluation	----	1 hour	Designated Training Restaurant*
Temperatures Music System Breaker Box Manuals Emergency Numbers Safe Combinations Location of Bank	----	10 hours	Designated Training Restaurant*
Comprehensive Review	1 hour	----	Designated Training Restaurant*
Comprehensive Final Exam	2 hours	----	Designated Training Restaurant*

*The specific designated training restaurant will depend upon where your Restaurant is located and how close it is to certified training locations. We will try to provide you with options on where to conduct the training, subject to availability, but we cannot promise or guaranty where the designated training restaurant will be located.

After you have signed the Franchise Agreement, and at least 30 days before you open your Restaurant, you (or your Operating Principal if you are an entity), and three managers, including your general manager and assistant managers, must complete, to our satisfaction, our training program at a designated training restaurant, or other approved location we choose, which lasts for approximately six to eight weeks, depending on the extent and nature of your prior restaurant industry experience. (Franchise Agreement – Section 7(B)).

The majority of the training consists of on-the-job training, and our instructional materials include manuals, workbooks, videos and digital content. The initial training program is held on a year-round basis. In addition, the Area Development Agreement gives us the right to require additional representatives to attend and successfully complete our training program before you open additional restaurants. You must at all times employ at least one general manager and two assistant managers at your Restaurant who have satisfactorily completed our training program. We may charge you our then-current fee for those new or additional individuals who attend the initial training program. You are responsible for the travel, living expenses, meals and all benefits (including, without limitation, salary and insurance) of the enrollee.

We may require that the Operating Principal and any key management personnel attend all supplemental and refresher training programs that we designate for up to seven days each calendar year, in addition to any Annual or Regional Conferences we designate (as described below). We may charge you our then-current training fee for these supplemental and refresher training programs, and require that you pay or reimburse us for the expenses incurred by your representatives, including the costs of travel, lodging, meals, and wages. You may also be required to purchase training videos or other instructional material from us from time to time, as set forth in the then-current Operation Manuals.

The experience of our training instructors is as follows:

- William M. Sparks has been our Vice President of Operations since June 21, 2021 and was Vice President of Operations for our predecessor, FRG, since April 2013.
- Kristi Comstock has been our Director of Training since August 2022. Prior to that, she was a Regional Franchise Director since June 2021 and served in the same role for FRG from August 2019 until June 2021. Mrs. Comstock was also employed by FRFC Springfield, Inc., a former multi-unit licensee, from 2008 until August 2019 in various positions.
- David Adkins has been a Regional Franchise Director since June 2021 and served in the same role for FRG from April 2014 until June 2021. Mr. Adkins was also employed by GZK, Inc., a former multi-unit licensee of Lee's, from 1984 until April 2014 in various positions, including training manager.
- Josh Baker has been a Regional Franchise Director since February 2023. Mr. Baker was also employed by Carney Inc., a current single-unit licensee of Lee's, from April 2016 until February 2023.
- Wayne Justice has been a Regional Franchise Director since August 2024. Mr. Justice was a Food and Beverage Consultant based in Austin, Texas from August 2019 until August 2024. Prior to August 2019, Mr. Justice was a Regional Franchise Director for Lee's Famous Recipe Chicken from October 2013 until August 2019.

Annual and Regional Conferences

We may require you, your Operating Principal and up to two additional key management personnel to attend any Annual Conference. We also reserve the right to require you, your Operating Principal and up to two additional key management personnel to attend any Regional Conference. If we have an Annual Conference and/or Regional Conference, then the first two individuals that go on your behalf do not need to pay a conference fee, but each additional attendee must pay to us our then-current conference fee, which will not exceed \$150 per attendee. You are solely responsible for all travel and living expenses for you and your attendees. If you fail to attend the Annual Conference or Regional Conference without our prior written consent, you must pay our then-current fee for two people for failing to attend the franchise conference.

ITEM 12: TERRITORY

Area Development Agreement

If you enter into an Area Development Agreement, we will define a development area (the “**Development Area**”) wherein you will have the right to locate and secure the approved site for each Restaurant you must open under your Development Schedule. The size of the Development Area will likely vary among new prospects/developers, with the size of your Development Area typically depending on the demographics of the area in and around the region you wish to develop. We will approve the sites for each Restaurant to be opened under your Development Schedule using our then-current site criteria.

If you are in full compliance with your Area Development Agreement and any existing Franchise Agreement you have entered into with us, then we will grant you the right to open the number of Restaurants you agreed to open as part of your Development Schedule within your Development Area, and, except as otherwise provided below, we will not establish, nor license anyone other than you to establish, a Restaurant in the Development Area during the term of the Development Agreement. Due to our reservation of rights described below, the territorial protection of the Development Area is limited. Therefore, you will not receive an exclusive territory. You may face competition from other franchisees, from other outlets that we own, or from other channels of distributions or competitive brands that we control.

If you fail to comply with the Development Schedule, or otherwise materially default under the Area Development Agreement, then we may (in addition to our other remedies) terminate or modify your territorial rights, reduce the area of territorial rights, reduce the number of Restaurants that you may develop, or terminate the Development Agreement. When the Area Development Agreement expires or is terminated, you cannot develop additional Restaurants in the Development Area (but may complete development of and/or operate Restaurants under then-existing Franchise Agreements). We may develop or authorize others to develop, Lee’s Famous Recipe Restaurants in the Development Area and exercise all rights not expressly granted to you under your Franchise Agreements. Except as described above, continuation of any territorial exclusivity in the Development Area does not depend on the achievement of a certain sales volume, market

penetration, or other contingency, and we may not otherwise alter your Development Area during the term of the Area Development Agreement.

We and our affiliates have the right to operate, and to license others to operate, Lee's Famous Recipe Restaurants at any location outside the defined boundaries of your development area, even if doing so will or might affect your development or operation of restaurants.

Franchise Agreement

You will receive a designated territory surrounding the Restaurant location (the “**Designated Territory**”). The Designated Territory will be delineated by a mile-radius or other boundaries as we determine in our sole discretion. The size of the Designated Territory depends on (1) the type of Restaurant you will be operating and (2) the population density, zip codes, counties, median household income and economic development. The Designated Territory for a Traditional Stand-alone location and a Streamlined location is typically a circle having a zero to one mile radius with the Restaurant as the center. We may designate this radius in our discretion, and in doing so, will take into account whether the Restaurant is located in an urban, suburban, or rural area. In the case of Non-Traditional locations, we will determine the Designated Territory in our sole discretion based upon anticipated customer counts (and the above-mentioned criteria) and may limit the Designated Territory to the Non-Traditional location. We will determine in our sole discretion whether your location will be classified as a Traditional Stand-alone, Streamlined or Non-Traditional location and will specifically describe it in Exhibit A to the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from businesses that we own or from other channels of distribution or competitive brands that we control. You will not receive an exclusive territory because we reserve the right to operate, or grant others the right to operate Lee's Famous Recipe Restaurants at “Non-Traditional Venues” within your Designated Territory. The term “Non-Traditional Venues” includes any regional, enclosed or similarly situated shopping centers or malls, airports or other transportation terminals, travel stations, toll roads, train stations, ships, ports, piers, sports facilities, stadiums, college and university campuses, schools, institutional settings, corporate campuses, a department within an existing retail store, big box retailers, hotels and motels, grocery stores, office or in-plant food service facilities, supermarkets and convenience stores, warehouse club stores, amusement parks, and all properties controlled by the amusement park, casinos, theatres, building supply stores, hospitals, military and other governmental facilities, and any site for which the lessor, owner or operator shall have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider or other similar types of locations that have a restricted trade area.

The location of the Restaurant and the Designated Territory will be identified in Exhibit A to the Franchise Agreement. If you do not have a site for your Restaurant when you sign the Franchise Agreement, you will sign Exhibit B to the Franchise Agreement and will have three months after the date of the Franchise Agreement to find a site for the Restaurant (acceptable to us) within the designated geographic area.

Once we approve a location within the geographic area established in Exhibit B to the Franchise Agreement, we and you will then sign Exhibit A (which identifies the Designated

Territory for your Restaurant). Maintenance of your Designated Territory is not dependent upon achieving certain sales volumes, market penetration or other contingency. Your Designated Territory will not be altered during the initial term of your Franchise Agreement, although it may be altered upon renewal of your franchise.

You may relocate your Restaurant only with our written consent, which we will not unreasonably withhold. If we permit you to relocate your Restaurant, you will pay us a relocation fee equal to 50% of our then-current Initial Franchise Fee for services we will provide in assisting you in relocating your Restaurant. In addition, you will need to build out the Restaurant consistent with our then-current standards for new Restaurants.

You may offer catering services in the Designated Territory to the extent we permit you to do so in writing, and only in compliance with the Franchise Agreement, the Operations Manual and other policies and requirements we impose. We reserve the right to terminate or restrict your right to offer catering services at any time following written notice.

You will not conduct, engage in, subcontract to third parties, utilize on-line or internet-based delivery scheduling companies or applications, or authorize or permit any person, entity, third party, or technology to engage in, delivery operations at or from the Restaurant, unless such delivery operations or program has been expressly approved, in writing, by us. We may grant or not grant such approval in our sole discretion. We may condition our approval on, among other things, (a) your strict compliance with the Franchise Agreement and the standards and specifications for Restaurant operations set forth in the Operations Manual; and/or (b) your strict compliance with any delivery rules, procedures, requirements or standards that we may establish, such as, obtaining and maintaining additional and specialized insurance, and purchasing (or leasing) and using new or additional equipment and software for ordering, tracking, and reporting on deliveries, implementing a new or modified POS System(s), and utilizing required packaging; and/or (c) your utilization of designated or approved third-party ordering, delivery and/or billing services and/or software; and/or (d) your strict compliance with our standards and requirements for billing, collections and reporting of such services. We may revoke our approval of the above-mentioned delivery operations or programs at any time.

Reservation of Rights (Franchise Agreement and Area Development Agreement)

We (for us and our affiliates) retain the right:

1. to directly operate, or to grant other persons the right to operate, Lee's Famous Recipe Restaurants at locations outside the Designated Territory;
2. to directly operate, or to grant other persons the right to operate, Lee's Famous Recipe Restaurants at Non-Traditional Venues within and outside the Designated Territory;
3. to promote, sell and distribute anywhere, including through restaurants and other establishments, the Products and the services authorized for sale at Lee's Famous Recipe Restaurants under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution;

4. to promote, sell, distribute and license the Products and the services authorized for sale at Lee's Famous Recipe Restaurants, as well as similar products and services, other food products, beverages, clothing, glassware and memorabilia under the Marks through dissimilar channels of distribution (i.e., other than the operation of full-service Lee's Famous Recipe Restaurants), including direct mail, wholesale activities, grocery stores, convenience stores, retail stores, and by electronic means such as the Internet, and other permanent, temporary, or seasonal food service facilities, carts, kiosks, or other mobile food vehicles, such as food trucks, and pursuant to conditions we deem appropriate within and outside the Designated Territory;

5. to acquire businesses that are the same as or similar to the Restaurant or other Lee's Famous Recipe Restaurants and operate such businesses regardless of whether such businesses are located within or outside the Designated Territory, and to be acquired by any third party which operates businesses that are the same as or similar to the Restaurant or other Lee's Famous Recipe Restaurants regardless of whether such businesses are located within or outside the Designated Territory; and

6. to promote the System and the Restaurants generally, including on the Internet (or any other existing or future form of one or more electronic commerce) and to create, operate, maintain and modify, or discontinue the use of websites using the Marks;

7. to all other rights not explicitly granted to you under the Franchise Agreement and, if applicable, the Area Development Agreement.

We recommend that you concentrate all advertising and other solicitation of customers inside the local geographic area of your Restaurant(s). You may not offer, promote or sell any products or services through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not have the right to subfranchise or sublicense any of your rights under the Franchise Agreement or the Area Development Agreement, as applicable.

We do not grant to you any options, rights of first refusal or similar rights to acquire additional franchises within a particular territory.

As of the issuance date of this disclosure document, neither we nor any affiliate operates, franchises, or has any current plans to operate or franchise any business selling the Products and services authorized for sale at a Lee's Famous Recipe Restaurants under any other trademark or service mark.

ITEM 13: TRADEMARKS

The Franchise Agreement licenses you to use the Lee's Famous Recipe® trademarks, service marks and trade names (collectively, the "Marks"). Listed below are the principal trademarks that you may use, each of which is registered on the Principal Register of the United States Patent and Trademark Office. We have filed or intend to file all required affidavits and renewals for the Marks listed below:

Principal Trademark	Registration Number	Date of Registration
FAMOUS RECIPE®	0974710	December 11, 1973
FAMOUS RECIPE®	1013215	June 10, 1975
LEE'S FAMOUS RECIPE®	1311285	December 25, 1984
LEE'S: FAMOUS FOR CHICKEN®*	4722489	April 21, 2015
LEE'S: FAMOUS FOR CHICKEN®*	4722490	April 21, 2015
LEE'S: FAMOUS FOR CHICKEN®*	4722491	April 21, 2015
LEE'S FAMOUS RECIPE CHICKEN (Design)	5016592	August 9, 2016
LEE'S FAMOUS RECIPE CHICKEN (Design)	5016593	August 9, 2016
LEE'S FAMOUS RECIPE CHICKEN (Design)	5016594	August 9, 2016
LEE'S FAMOUS RECIPE CHICKEN (Design)	7724985	March 11, 2025
	7724984	March 11, 2025

* No claim is made to the exclusive right to use "Famous For Chicken" apart from the mark as shown.

We have also filed trademark registration application for the following Mark on the Principal Register of the USPTO:

Principal Trademark	Serial Number	Date of Application
	97907567	April 26, 2023

We do not have a federal registration for this principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

There are currently no effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state administrator or court, nor any pending infringement, opposition or cancellation proceedings. There is no federal or state court pending material litigation involving our use or ownership rights in the Marks.

The Marks are owned by our Parent, which has granted us a license to use and license franchisees to use the marks effective June 21, 2021 (the “Trademark License Agreement”). The Trademark License Agreement is effective indefinitely unless terminated at the option of either party. Our Parent may terminate the Trademark License Agreement if our misuse of the Marks materially impairs the goodwill associated with the Marks, if we violate any of our Parent’s instructions concerning the quality of the Marks, or if we fail to perform any other obligation under the Trademark License Agreement, and we fail to cure such breach within 30 days. If the Trademark License Agreement terminates, any then-existing sublicenses (franchises) will automatically be assigned to our Parent and will continue for the term of the sublicenses, provided that the franchisees comply with all other terms of their Franchise Agreements. The Trademark License Agreement contains no other material limitations.

Except as disclosed in this Item, there are no agreements currently in effect which significantly limit our rights to use or license the use of such Marks listed in this Item in a manner material to the franchise.

We are not obligated to protect your right to use the Marks listed in this Item or to protect you against infringement or unfair competition claims arising out of your use of the Marks.

You must notify us immediately of any infringement or unauthorized use of the Marks of which you become aware and cooperate with any action we take. We are not required by the Franchise Agreement to take affirmative action when notified of these uses or claims.

We have the right to control any administrative proceeding or litigation related to the Marks and the right to decide to pursue or settle.

The Franchise Agreement does not require us to participate in your defense or indemnify you for any expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks, or if the proceeding gets resolved unfavorably to you.

You do not have any rights under the Franchise Agreement if we require you to modify or discontinue using a trademark and we are not obligated to reimburse you for any costs associated with compliance.

Except as disclosed in this Item, we have no knowledge of any superior prior rights or infringing uses that could materially affect your use of the Marks.

ITEM 14: PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered or pending patent applications that are material to the franchise. We do claim copyright ownership and protection for the Operations Manual as well as our recipes, advertising copy and design, menu designs, written training materials, training videos and for certain other written materials we provide to assist you in operating your Restaurant.

The manuals, product preparation materials, and related materials are confidential, proprietary and our property. You must keep them confidential during and after the term of the Franchise Agreement. You may not use our confidential and proprietary information in any

unauthorized manner and must take reasonable steps to prevent its disclosure to others, except to your employees who need to know such information. You may disclose this information to your employees, but only if they have signed an employee nondisclosure agreement and to the extent necessary to operate your business, and then only while your Franchise Agreement is in effect. You must comply with all changes to the Operations Manual at your cost. Upon termination of your Franchise Agreement, you must return all confidential and proprietary information, including the Operations Manual, product preparation materials and related material.

You and your employees may not, without our prior written consent, utilize any generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models (“**Generative AI**”), while operating the Restaurant. This includes, but is not limited to, uploading or sharing any Confidential Information with any third-party platforms, including Generative AI, except as authorized in writing by us.

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

If you are a sole proprietor, you are obligated to participate in the direct operation of your Restaurant(s). If you are an entity owned by more than one individual, you must designate an operating principal (the “**Operating Principal**”) to oversee your Restaurant(s). Your Restaurant(s) must at all times be under the Operating Principal’s direct supervision and the Operating Principal—or a certified manager who we have approved and who has successfully completed our initial training program—must be the on-site manager at your Restaurant(s) at all times. The Operating Principal must be approved by us and must have at least a 5% ownership interest in your Restaurant(s) or a 5% profit participation in your Restaurant(s). The Operating Principal must have full control over the day-to-day operations of your Restaurant(s) and any other restaurants owned by you located in the same geographic area. The Operating Principal must devote full-time and best efforts to supervising the operation of your Restaurant(s) and not engage in any other business or activity that requires substantial management responsibility. The Operating Principal must have his or her primary residence within a reasonable driving distance of your Restaurant(s). The Operating Principal must attend and complete our required training.

If you are a corporation partnership, limited liability company or other entity, each person or entity that has a direct or indirect ownership interest of 5% or more (along with their spouses, if applicable) must personally guarantee your obligations under the Franchise Agreement and also agree to be personally bound by and personally liable for the breach of every provision of the Franchise Agreement. A copy of our standard Guaranty of Franchisee’s Undertakings is attached as Exhibit D to the Franchise Agreement (included as Exhibit A in this Franchise Disclosure Document). The Operating Principal, and other managers and employees that will have access to our confidential information will be required to sign a confidentiality agreement, in the form attached as Exhibit F to the Franchise Agreement.

If you are signing an Area Development Agreement, whether as a sole proprietor or as an entity owned by one individual, you must, prior to the opening date of the first Restaurant developed under the Area Development Agreement, hire and train a managing director (the “**Managing Director**”) who will be subject to our approval, which approval will be given in our

reasonable discretion. The Managing Director must devote his or her full time and efforts to the management and/or supervision of Restaurants within the Development Area.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell in your Restaurant all, and only, those products and services that we have approved (see Item 8). You may not offer for sale or otherwise handle alcoholic or intoxicating beverages. You must at all times maintain an inventory of approved products and other items in such quantities and variety that we direct. We may add new Products or services that you must offer at or use in your Restaurant. Our right to modify the approved list of Products and services to be offered at the Restaurant is not limited. You may only provide catering services from your Restaurant if you obtain our prior approval and you satisfy our operating standards for catering. Our approval will apply prospectively for all catering operations and your ability to provide catering services on a regular basis, but we have the right to revoke or modify our approval if you fail to comply with our standards and requirements. You may not offer or sell Products or services authorized under the Franchise Agreement through any other means without our approval. Therefore, you may not sell Products or services over the Internet, via alternative distribution channels, or in Non-Traditional Venues. There are no limitations on the customers you may serve at your Restaurant.

You may not engage in, or conduct, delivery services without our approval. Specifically, you may not conduct, engage in, subcontract to third parties, utilize on-line or Internet-based delivery scheduling companies or applications, or authorize or permit any person, entity or third party to engage in, delivery operations at or from the Restaurant, unless such delivery operations or program has been expressly approved, in writing, by us. We may grant or not grant such approval in our sole discretion. We may condition our approval on, among other things, (a) your strict compliance with the Franchise Agreement and the standards and specifications for Restaurant operations in the Operations Manual, and (b) your strict compliance with the delivery rules, procedures, requirements or standards that we may establish. These rules may include obtaining and maintaining additional and specialized insurance, and purchasing (or leasing) and using new or additional equipment and software for ordering, tracking, and reporting on deliveries, implementing a new or modified point of sale system(s), and utilizing required packaging.

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

THE FRANCHISE RELATIONSHIP

These tables list certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

FRANCHISE AGREEMENT

	Provision	Section in franchise agreement	Summary
a.	Length of the franchise term	3	Term is 15 years.
b.	Renewal or extension of the term	3	If you are in good standing, you may renew for an additional 15-year term.

	Provision	Section in franchise agreement	Summary
c.	Requirements for franchisee to renew or extend	3	Provide advance notice, not be in default within the 24 months preceding the expiration of the initial term, comply with current Franchise Agreement, satisfactorily complete any new/refreshers training programs, sign a new agreement (which may contain materially different terms and conditions than your original Franchise Agreement), remodel, provide proof you will maintain possession of the Restaurant premises and remodel the Restaurant as necessary to comply with our then-current standards and specifications, pay a renewal fee, and sign a general release of claims.
d.	Termination by franchisee	None	Not applicable.
e.	Termination by franchisor without cause	None	Not applicable.
f.	Termination by franchisor with cause	15(A) through (C)	We may terminate the Franchise Agreement only if you default.
g.	“Cause” defined – curable defaults	15(C)	Failure to conform to the material requirements of the System or the material standards as described in the Operations Manual or as we have established under the System; failure to timely pay any obligations or liabilities due and owing to us or our affiliates; violation of any material provision or obligation of the Franchise Agreement; and other breaches The cure period is generally 30 days
h.	“Cause” defined – non-curable defaults	15(A) through (B)	Non-curable defaults include: Insolvency; bankruptcy, assignment for the benefit of creditors; receivership, attachment not released in 30 days; termination of right to occupy the premises; failure to commence operations on time; conviction of felony or similar event; violation of the non-competition or nondisclosure covenants; repeated defaults (3 in 12 months, even if cured); failure to correct legal or regulatory compliance 30 days after notice from authority; submission of false information, failure to allow inspection; if the continued operation of your Restaurant will result in danger to public health or safety; abandonment; unapproved transfers or assignments; failure to maintain ACH capability; failure to restore operations within 365 days after loss of possession by either condemnation or casualty; if during the Term no Guarantor satisfies the Guarantor Net Worth requirement.

	Provision	Section in franchise agreement	Summary
i.	Franchisee's obligations on termination/non-renewal	16(A) through (B)	Cease use of trademarks; cease use of and return all advertising materials, Manuals, and confidential information; complete de-identification; leave premises in safe condition; pay all amounts due and stipulated damages; disconnect or transfer business telephone numbers to us (also see item "r" below) ; and if you remain in possession of the premises; modify the exterior and interior to distinguish from the Marks
j.	Assignment of contract by franchisor	14(A)	No restriction on our right to assign.
k.	"Transfer" by franchisee - defined	14(B) through (E)	Includes transfer of any interest in you (including your owners), the franchise agreement, the business operated under the franchise agreement, the franchised premises, or grant of a security interest.
l.	Franchisor approval of transfer by franchisee	14(B) and (C)	We have the right to approve all transfers of the Franchise Agreement.
m.	Conditions for franchisor approval of transfer	14(C) and Exhibit J to the FDD	New franchisee qualifies and completes training; all amounts owed us or our affiliates are paid; and you are in good standing; new franchisee assumes existing Agreement or (at our option) signs then-current franchise agreement; we approve transfer agreement, transfer fee paid; lease assigned (if applicable); you sign non-compete agreement and general release.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 14(F)	We can match any offer for your business.
o.	Franchisor's option to purchase franchisee's business	Section 16(C)	When the Franchise Agreement expires or terminates, we may purchase assets at fair market value, less the value of any goodwill associated with our trademarks and other intangible assets.
p.	Death or disability of franchisee	Section 14(D)	If the Operating Principal dies or is permanently disabled, his/her executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed twelve 12 months from the date of death or permanent disability, to a person we approve.
q.	Non-competition covenants during the term of the franchise	Section 13(C)	No involvement in a Competing Business. A "Competing Business" means any business similar to a Lee's Famous Recipe Restaurant, including any restaurant that offers chicken and biscuits, other items similar to the Products, or any other business that may be confusingly similar to a Lee's Famous Recipe Restaurant.

	Provision	Section in franchise agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 13(D)	No involvement in a Competing Business that is located at the former site of the Restaurant, within a 5-mile radius of the former site of the Restaurant or any other then-existing Lee's Famous Recipe restaurant, within the Designated Territory, or within a 5-mile radius of the Designated Territory for two years.
s.	Modification of the agreement	Sections 7(E) and 19(D)	No modifications generally, except in writing. We may modify Operations Manual, Marks, System and Products/services to be offered from your Restaurant.
t.	Integration/merger clause	Sections 7(E) and 19(D)	No modifications generally, except in writing.
u.	Dispute resolution by arbitration or mediation	18	All claims must be litigated in the federal or state court where our principal executive office is located where our principal office is located.
v.	Choice of forum	18(E)	Litigation must be in the federal or state court where our principal executive office is located (see also state-specific addenda attached as <u>Exhibit G</u> to this FDD) (subject to state law).
w.	Choice of law	18(B)	Applicable law is that of the state of Delaware (see also state-specific addenda attached as <u>Exhibit G</u> to this FDD) (subject to state law).

AREA DEVELOPMENT AGREEMENT

	Provision	Section in development agreement	Summary
a.	Length of the area development agreement term	8(A)	The term begins upon execution and ends (i) the expiration date of the last Development Period that the final Restaurant is required to be opened and operating under the Development Schedule; or (ii) the date you actually open the last Restaurant that you are granted the right to open under this Agreement.
b.	Renewal or extension of the term	None	Not applicable
c.	Requirements for franchisee to renew or extend	None	Not applicable
d.	Termination by franchisee	None	Not applicable
e.	Termination by franchisor without cause	None	Not applicable
f.	Termination by franchisor with cause	8(B)	We can terminate if you default.
g.	"Cause" defined – curable defaults	8(B)	Not applicable

	Provision	Section in development agreement	Summary
h.	“Cause” defined - non-curable defaults	8(B)	(i) Abandonment; (ii) insolvency, bankruptcy, or an assignment for the benefit of creditors; (iii) unapproved assignment; (iv) failure to comply with the Development Schedule; (v) violate the non-compete; (vi) if any Franchise Agreement is terminated or subject to termination; (vii) failure to execute a Franchise Agreement by the deadline.
i.	Franchisee’s obligations on termination/non-renewal	8(A); 13(B)	All rights granted under the agreement are extinguished; compliance with restrictive covenants.
j.	Assignment of contract by franchisor	10(A)	No restriction on our right to assign.
k.	“Transfer” by franchisee - defined	10(B)	Includes the transfer of an interest in you (including your owners) or in the Development Agreement.
l.	Franchisor approval of transfer by franchisee	10(B)	We have the right to approve all transfers.
m.	Conditions for franchisor approval of transfer	10(B)	Any transfer or assignment of this Agreement may only be made in connection with the transfer of all Restaurants owned and operated by you and, if applicable, your affiliated entities.
n.	Franchisor’s right of first refusal to acquire franchisee’s business	None	Not applicable
o.	Franchisor’s option to purchase franchisee’s business	None	Not applicable
p.	Death or disability of franchisee	None	Not applicable
q.	Non-competition covenants during the term of the franchise	13(A)	You may not own, operate or manage a similar business.
r.	Non-competition covenants after the franchise is terminated or expires	13(A)	No direct or indirect involvement by you or your owners, or guarantors in a competing business for two years within five miles of your Development Area; the Development Area of any of our other developers; within five miles of any other then-existing Lee’s Famous Recipe Restaurant
s.	Modification of the agreement	18	No modification unless in writing and signed by the parties.
t.	Integration/merger clause	18	The Area Development Agreement is our full and complete agreement with you (subject to the laws in certain states). Except for this disclosure document, you may not rely on any other representations or promises you may have been provided about the franchise.
u.	Dispute resolution by arbitration or mediation	17	All claims must be litigated in the federal or state court where our principal executive office is located where our principal office is located.
v.	Choice of forum	17(E)	Litigation must be in the federal or state court where our principal executive office is located (see also state-specific addenda attached as <u>Exhibit G</u> to this FDD) (subject to state law).

	Provision	Section in development agreement	Summary
w.	Choice of law	17(B)	Applicable law is that of the state of Delaware (see also state-specific addenda attached as <u>Exhibit G</u> to this FDD) (subject to state law).

ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote the franchise. No public figure is involved in the management or control of Lee’s. No public figure has any investment in Lee’s.

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 have a reasonable basis and written substantiation for the financial performance information disclosed in Item 19.

The explanatory notes following the charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

Part I: 2024 Sales to Cost Analysis

Part I of this financial performance representation reflects the historical average and historical median of the Gross Sales, certain expenses, and 4-Wall EBITDAR of certain affiliate-owned Lee’s Famous Recipe locations for the period of January 1, 2024 through December 31, 2024, representing a normal fiscal year for us (the “2024 Fiscal Year”). As of the end of the 2024 Fiscal Year, there were 126 Lee’s Famous Recipe locations located in the United States. Of those 126 locations, 33 were affiliate-owned, 22 were franchised locations, and 71 were licensed units. The Part I data does not include 4 franchised locations that operate in Canada.

The Part I data provided below includes certain financial information for 16 Lee’s Famous Recipe Locations open and operated by our affiliate for at least 18 months as of December 31, 2024. We excluded 18 locations that our affiliates acquired from existing franchisees and/or licensees and that were open and operated by our affiliate for less than 18 months as of December 31, 2024, which is the timeframe necessary to remodel the locations and fully implement updates to the Lee’s Famous Recipe System. Moreover, of those 18 affiliate-owned stores, 17 of them were open and operating as corporate stores for less than 12 months as of December 31, 2024, and therefore we do not have a full accounting of their expenses for the entire 2024 calendar year.

The 16 affiliate-owned Lee's Famous Recipe locations are representative of a Lee's Famous Recipe location operating for more than 18 months. Of the 16 affiliate-owned locations, there are 9 in Ohio, 4 in Indiana, 2 in Florida, and 1 in Kentucky; 5 of those affiliate-owned locations attained or surpassed the 4-Wall EBITDAR disclosed below.

The 4-Wall EBITDAR numbers in the below Franchise Adjusted Income Statement have been adjusted to reflect the incremental operating costs to a franchisee, including Royalty fees, Brand Cooperative Advertising Fund Fees, Local Advertising Expenditures, payroll processing fees, and adjustments made for insurance.

2024 Adjusted Income Statement for Affiliate Owned Stores

Franchise Adjusted Income Statement				
	Average	% of Gross Sales	Median	% of Gross Sales
Gross Sales	2,172,042	100.0%	1,985,155	100.0%
COGS	802,899	37.0%	717,860	36.2%
Gross Profit	1,369,144	63.0%	1,255,268	63.2%
<i><u>Variable Expenses</u></i>				
Labor	573,789	26.4%	549,303	27.7%
Bank & Transaction Fees	51,462	2.4%	46,113	2.3%
Misc Variable	65,747	3.0%	60,337	3.0%
Marketing	65,161	3.0%	59,555	3.0%
Total Variable Expenses	756,160	34.8%	715,308	36.0%
<i><u>Fixed Expenses</u></i>				
Occupancy	23,055	1.1%	18,294	0.9%
Utilities	58,150	2.7%	56,058	2.8%
Insurance	10,000	0.5%	10,000	0.5%
Total Fixed Expenses	91,205	4.2%	84,352	4.2%
Royalty	108,602	5.0%	99,258	5.0%
4-Wall EBITDAR	413,177	19.0%	356,351	18.0%

Average Gross Sales	2,172,042
Highest Gross Sales	4,046,734
Lowest Gross Sales	1,415,698
Median Gross Sales	1,985,155
# Met/Exceeded Average	5
% Met/Exceeded Average	31%

Footnotes:

- 1) “Gross Sales” means the total amount of all revenues from whatever source derived (whether in the form of cash, credit, insurance proceeds for lost sales covered by business interruption insurance, agreements to pay or other consideration, and whether or not payment is received at the time of sale or any such amounts prove uncollectible) which arise from or are derived by you or by any other person from business conducted or which originated in, on, from or through your Lee’s Famous Recipe Restaurant location, or from the sale of any products or services associated with the use of the Marks, including sales from vending machines, deliveries, and catering sales, but excluding sales tax or any similar taxes which are required by law to be computed separately and paid by a customer.
- 2) “COGS” or “Cost of Goods” is the franchise-adjusted purchase cost for poultry, spices, paper & packaging supplies, and other food ingredients and products. We have made adjustments to account for the franchisor mark-up charged on products sold to franchised Lee’s Famous Recipe locations.
- 3) “Labor” includes all store-level labor costs but does not account for any draw or salary for the franchisee. This item includes contract services, health insurance, manager bonuses, state and federal taxes, Social Security, and other labor-related costs. This item does not include any salary draw or distribution to the franchise owner. This does not include an allowance for salary of roles above the general manager (i.e., a Managing Director, District Manager, or Area Supervisor), or other payroll related expense from above store employees who may be hired to help run the Lee’s Famous Recipe location.
- 4) “Bank & Transaction Fees” includes all bank and credit card fees, including processing fees, merchant account fees, and any other bank service-related charges. We have made adjustments to reflect franchisee enrollment and participation in Shift4 Advantage program, and standard 3rd party credit card processing program available to all franchisees.
- 5) “Misc Variable” includes expenses relating to services and supplies, including all purchased materials that are not sellable inventory, including alarm systems, janitorial services, pest control, exterior cleaning services, IT support, linens, bulk CO2, heating and air services, grease removal, recycling, landscaping, employee uniforms, postage and freight, and tools and equipment.
- 6) “Marketing” represents the total Brand Cooperative Advertising Fund Fees paid by franchisees under the Franchise Agreement.
- 7) “Occupancy” are costs the include property taxes, licenses and permits, building repairs and maintenance, and equipment repairs and maintenance. We have adjusted occupancy to remove rent expense, as some franchises may lease in a variety of methods or own property to operate Lee’s Famous Recipe locations.
- 8) “Utilities” includes all expenses related to electric, gas, water and sewer, internet, telephone, and garbage.
- 9) “Insurance” is the estimated cost of a franchisees insurance policies, including general liability and property insurance.

- 10) “Royalty” is the total Royalty fee contributions paid by franchisees under the Franchise Agreement, and were in fact paid by the affiliate-owned stores reflected in the above chart last year.
- 11) “4-Wall EBITDAR” is the amount that remains when all expenses listed in the Franchise Adjusted Income Statement are subtracted from Gross Sales. “EBITDAR” means Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent.

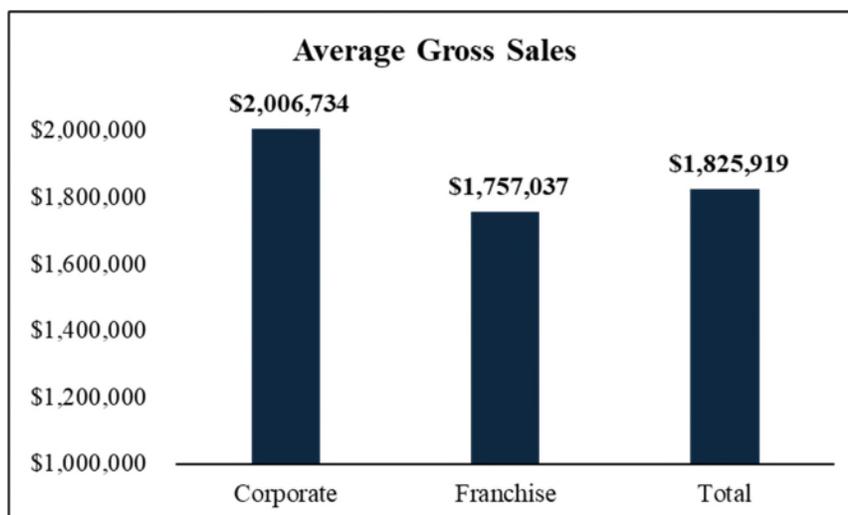
We have not included depreciation, amortization, income tax, and debt service related to the remodel or build-out or operation of the location. We have not included rent as some franchisees may lease or choose to own the location and rent expense may vary by market and type of location. Franchisees may have depreciation or amortization deductions from certain equipment or costs to acquire a location. We have not made any provisions for debt service related to these or other items. We do not include an allowance for above store general and administrative costs such as accounting, bookkeeping, and general administration as franchisees may personally perform some or all of these services.

Part II: 2024 Average Gross Sales

Part II of this financial performance representation reflects the historical average and historical median of the Gross Sales, of certain affiliate-owned Lee’s Famous Recipe locations and franchise or licensed owned Lee’s Famous Recipe locations for the period January 1, 2024 through December 29, 2024, representing a normal sales reporting year for us (the “2024 Sales Year”). We obtained these historical financial results from the information submitted to us by franchisees and licensees. Franchisee and licensee’s report weekly, not daily sales. Accordingly, the last full week of data received for the 2024 calendar year ended on December 29, 2024. For purposes of this Part II, we adjusted sales from affiliated-owned locations to reflect sales made in the 2024 Sales Year.

For Part II, we included 116 Lee’s Famous Recipe Locations located in the United States operated by our affiliate, franchisees, or licensees that had been open and operating for at least one full year as of December 29, 2024. We included 32 affiliated-owned locations in Part II because we possess Gross Sales for those locations, whether they were affiliate-owned for the entirety of the 2024 Sales Year or not. We excluded one affiliate-owned location in Part II because it is a non-traditional location that is not representative of the type of location being offered under this disclosure document. We have also excluded 10 franchise locations from the analysis because three opened in 2024, six are non-traditional locations lacking a drive thru or are not freestanding, and one that ceased operations in 2024.

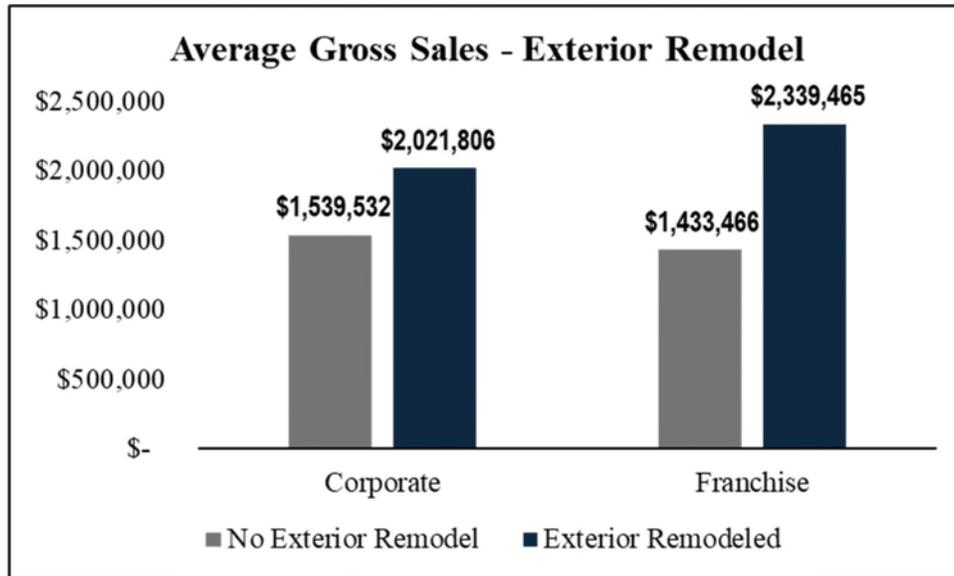
The 116 Lee’s Famous Recipe locations that are included are characteristic of a Lee’s Famous Recipe location operating for more than one full year. Of the 116 locations, 32 of the locations are affiliated-owned locations and 84 are either franchised or licensed (we refer to these locations collectively as “Franchise” locations in the chart below). There are 38 locations in Ohio, 33 in Kentucky, 16 in Missouri, 12 in Indiana, 6 in Michigan, 3 in Florida, 2 in Illinois, 2 in Tennessee, 1 in Alabama, 1 in South Carolina, 1 in Virginia, and 1 in Wisconsin.



	Average Gross Sales	Lowest Gross Sales	Highest Gross Sales	Median Gross Sales
Corporate	\$ 2,006,734	\$ 1,232,936	\$ 4,220,249	\$ 1,636,173
Franchise	\$ 1,757,037	\$ 792,439	\$ 6,254,407	\$ 1,685,674
Total	\$ 1,825,919	\$ 792,439	\$ 6,254,407	\$ 1,676,146

We also separated the 116 corporate and franchise stores included in the Average Gross Sales chart by whether or not an exterior remodel or refurbishment has taken place within the last 10 years. We have also provided the associated highest, lowest, and median gross sales of the included locations. Of the 116 locations included in the analysis, 61 had completed an exterior remodel in the last 10 years (31 affiliate-owned and 30 franchise locations), and 55 had not completed an exterior remodel in the last 10 years (1 affiliate-owned and 54 franchise locations).

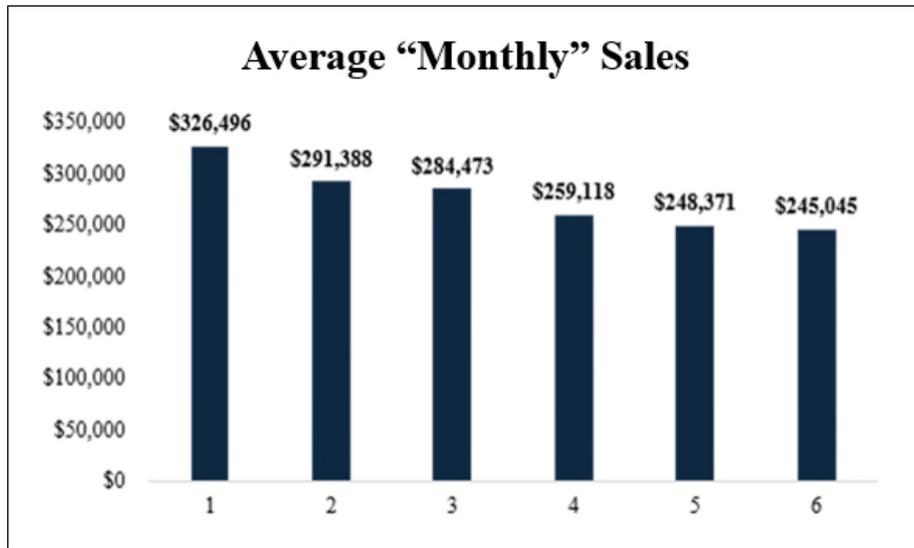
An exterior remodel or refurbishment may in some cases include new or refreshed signage, exterior paint, new windows, new or refurbished exterior façade, resurfaced parking lot, new drive thru menu boards, and new landscaping.



	Average Gross Sales	Lowest Gross Sales	Highest Gross Sales	Median Gross Sales
No Exterior Remodel				
Corporate	\$1,539,532	\$1,539,532	\$1,539,532	\$1,539,532
Franchise	\$1,433,466	\$792,439	\$2,781,207	\$1,368,350
Exterior Remodeled				
Corporate	\$2,021,806	\$1,232,936	\$4,220,249	\$1,917,700
Franchise	\$2,339,465	\$956,034	\$6,254,407	\$2,197,174

Part III: Average “Monthly” Sales During First Six Months of Operations (2023 and 2024)

Part III of this financial performance representation includes the average gross sales for franchised locations for the first six “months” of operations.* We included locations that opened and commenced operations in 2023 or 2024. Five locations opened and commenced operations, all within the state of Michigan, during 2023 and 2024. Of those five locations, three completed at least six “months” of operations by the end of 2024. We excluded one location that opened but did not complete six “months” of operations by the end of 2024, and one location that is not a traditional stand-alone location and does not have a drive thru.



Month	1	2	3	4	5	6
Average Gross Sales	\$326,496	\$291,388	\$284,473	\$259,118	\$248,371	\$245,045
Lowest Gross Sales	\$300,485	\$271,251	\$239,406	\$214,123	\$189,303	\$194,742
Highest Gross Sales	\$357,861	\$330,655	\$360,006	\$309,233	\$308,978	\$287,960
Median Gross Sales	\$321,143	\$272,259	\$254,006	\$253,998	\$246,831	\$252,434

* For purposes of this Part III, we define a "month" as a 4-week period rather than a full calendar month, because our locations report data on a weekly basis. The first "month" includes gross sales for a 4-week period starting from the date of a location's opening, and the second through sixth "months" reflect Gross Sales for each subsequent 4-week period. The above table reflects a total of 24 weeks.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Gross sales and expenses experienced by the outlets differ from location to location because of a variety of factors, including, among others, differences in menu pricing; demographics; competition; economic conditions; weather conditions; labor conditions and minimum wage laws; commodity, sales tax rates; and governmental rules, regulations and interpretations.

You should conduct an independent investigation of the costs and expenses that you will incur in operating your outlet.

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Ryan Weaver, 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579, 850-344-1130, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

**Systemwide Outlet Summary
For years 2022 to 2024***

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised and Licensed	2022	124	114	-10
	2023	114	106	-8
	2024	106	93	-13
Company-Owned	2022	4	12	+8
	2023	12	17	+5
	2024	17	33	+16
Total Outlets	2022	128	126	-2
	2023	126	123	-3
	2024	123	126	+3

* This table only includes data for outlets located in the United States.

Table No. 2

**Transfers of Outlets From Franchisees to New Owners
(other than the Franchisor)**

For years 2022 to 2024

State	Year	Number of Transfers
Kentucky	2022	2
	2023	0
	2024	1
Ohio	2022	0
	2023	1
	2024	0
Total	2022	2
	2023	1
	2024	1

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024*

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	1	0	0
	2024	0	0	0	0	0	0	0
Illinois	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	1	3
	2024	3	0	0	0	2	0	1
Indiana	2022	13	0	1	0	0	0	12
	2023	12	0	0	0	4	0	8
	2024	8	0	0	0	0	0	8
Kentucky	2022	39	0	2	0	1	0	36
	2023	36	0	2	0	0	0	34
	2024	34	0	0	0	1	0	33
Michigan	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
	2024	7	4	0	0	0	0	11
Missouri	2022	16	0	0	0	0	0	16
	2023	16	0	0	0	0	0	16
	2024	16	0	0	0	13	0	3
Ohio	2022	38	1	0	0	7	0	32
	2023	32	0	0	0	0	1	31
	2024	31	0	0	0	0	0	31
South Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	1	2
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired By Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	124	1	3	0	8	0	114
	2023	114	1	2	0	5	2	106
	2024	106	4	0	0	16	1	93

*If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

Table No. 4
Status of Company-Owned Outlets
For Years 2022 to 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2022	2	0	0	0	0	2
	2023	2	0	1	0	0	3
	2024	3	0	0	0	0	3
Illinois	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	2	0	0	2
Indiana	2022	0	0	0	0	0	0
	2023	0	0	4	0	0	4
	2024	4	0	0	0	0	4
Kentucky	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	1	0	0	2
Missouri	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	13	0	0	13
Ohio	2022	2	0	7	0	0	9
	2023	9	0	0	0	0	9
	2024	9	0	0	0	0	9
Totals	2022	4	0	8	0	0	12
	2023	12	0	5	0	0	17
	2024	17	0	16	0	0	33

Table No. 5

Projected Openings As Of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
Georgia	1	1	0
Michigan	0	2	0
Missouri	0	0	2
Ohio	0	2	0
South Carolina	1	2	0
Total	2	7	2

Attached as Exhibit D is a list of the addresses and telephone numbers of all current franchisees and licensees in our franchise system as of the date of this Franchise Disclosure Document.

Attached as Exhibit E is a list of the name and last known home address and telephone number of each franchisee or licensee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or license agreement since December 31, 2024, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document.

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

During the last three years, some franchisees have signed confidentiality agreements with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Lee's Famous Recipe. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We are not aware of any trademark-specific franchisee organization associated with the franchise system being offered.

ITEM 21: FINANCIAL STATEMENTS

The audited financial statements of Artemis Restaurant Corp. for the fiscal year ended December 31, 2024, December 31, 2023, and December 31, 2022, are attached as Exhibit C. Our fiscal year end is December 31. Artemis Restaurant Corp. absolutely and unconditionally guarantees our obligations under your Franchise Agreement. See Exhibit K for a copy of the written guarantee.

ITEM 22: CONTRACTS

The following agreements are attached as exhibits to this Franchise Disclosure Document:

Franchise Agreement	Exhibit A
Area Development Agreement	Exhibit B
State Addenda	Exhibit G
Statement of Prospective Franchisee	Exhibit H
General Release	Exhibit J

ITEM 23: RECEIPTS

The last two pages of this disclosure document are a detachable acknowledgment of receipt for you to sign and return to us. Please sign and date each of them as of the date you received this disclosure document and return one copy to us.

EXHIBIT A
FRANCHISE AGREEMENT



**LEE'S FAMOUS RECIPE®
FRANCHISE AGREEMENT**

YOU (FRANCHISEE)

DATE OF AGREEMENT

Lee's Franchisor LLC
2025 Franchise Agreement

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EXHIBITS

- A – RESTAURANT LOCATION AND DESIGNATED TERRITORY
- B – RESTAURANT LOCATION GENERAL AREA
- C – RESTAURANT LEASE ADDENDUM
- D – GUARANTY AND ASSUMPTION OF OBLIGATIONS
- E – AUTHORIZATION AGREEMENT FOR PRE-AUTHORIZED PAYMENTS
- F – FORM CONFIDENTIALITY AGREEMENT
- G – AUTHORIZATION TO RELEASE FINANCIAL REPORTS
- H – LIST OF OWNERS

LEE'S FAMOUS RECIPE® FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 20____, (the "Effective Date") between Lee's Franchisor LLC, a Delaware limited liability company, with a principal place of business at 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579 ("we" or "us"), and _____, a _____ [corporation / limited liability company / partnership] with a principal place of business at _____ ("you").

INTRODUCTION

A. We have developed and own a System (as defined below) relating to the development and operation of quick service restaurants that sell chicken, biscuits, and other approved food and beverage products sold by Lee's Famous Recipe Restaurants.

B. We own the "Lee's Famous Recipe®," "Famous Recipe®," and "Lee's: Famous for Chicken®" service marks, and other related trademarks and service marks as we periodically may modify (the "Marks") used in operating the System.

C. We grant qualified persons the right to develop, own and operate a Franchised Business (as defined below) at a specific location.

D. You desire to obtain the right to develop and operate a Restaurant using the System at a specific location.

AGREEMENTS

In consideration of the mutual covenants and agreements stated below, the parties agree as follows:

1. DEFINITIONS

A. "Annual Conference" means any annual franchise conference that we sponsor or designate.

B. "Authorized Location" means the location of your Restaurant that we review and approve in writing.

C. "Authorizing Documents" means your articles of incorporation, bylaws, operating agreement or other organizational documents.

D. "Brand Cooperative Advertising Fund" or "Fund" has the meaning given to it in Section 5(A) of this Agreement.

E. "Brand Cooperative Advertising Fund Fee" has the meaning given to it in Section 4(C) of this Agreement.

F. "Confidential Information" means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, recipes, Operations Manual (as defined in Section 7(E)), systems, and knowledge of and experience in the operation and franchising of Lee's Famous Recipe Restaurants that we communicate to you or that you otherwise acquire in operating the Restaurant under the System. Any and all information, knowledge and know-how not publicly known

about the Lee's Famous Recipe System and the Products, and the services, standards, procedures, techniques and such other information or material as we may designate as Confidential Information will be deemed confidential for purposes of this Agreement. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

G. "Competing Business" means any business similar to a Lee's Famous Recipe Restaurant, including any restaurant that offers chicken and biscuits, other items similar to the Products, or any other business that may be confusingly similar to a Lee's Famous Recipe Restaurant.

H. "Computer System" means the computer, POS System, designated back-office software (including certain inventory management, food costs management, and other features or program), and all existing or future communication or data storage systems, components thereof and associated services which we may develop or select for the System.

I. "Customer Data" means all data that you collect from customers and potential customers in connection with the Franchised Business.

J. "Designated Territory" means the geographic area, identified in Exhibit A, which is an area surrounding the location of the Restaurant that we determine.

K. "Development Materials" means a description of the proposed location, a feasibility study (including, without limitation, demographic data, photographs, maps, artists' renderings, site plans, a copy of the Lease, if applicable, and documentation indicating your prospects to acquire the Authorized Location) and such other information related to the development of the Authorized Location as we reasonably request.

L. "Force Majeure Event" has the meaning given to it in Section 19(J) of this Agreement.

M. "Generative AI" means generative artificial intelligence software, tools, or technologies, including, natural language processing, deep learning algorithms, or machine learning models.

N. "Gross Sales" means the aggregate amount of sales of all food and beverages, and other goods and services; the sale of any products or services associated with the use of the Marks, including sales from vending machines, deliveries, and catering sales, whether for cash, on credit or otherwise, made or provided at or in connection with the Restaurant, including off-premises sales and monies derived at or away from the Restaurant; insurance proceeds for lost sales covered by business interruption insurance; and agreements to pay or other consideration, whether or not payment is received at the time of sale or any such amounts prove uncollectible. The term "Gross Sales" does not include: (1) any federal, state, municipal or other sales, value added or retailer's excise taxes paid or accrued by you; and (2) adjustments for net returns on salable goods and discounts allowed to customers on sales; or (3) discounts for meals for Restaurant employees. Gross Sales will not be adjusted for uncollected accounts. For purposes of the Royalty Fee described in Section 4(B) below, the sale is made at the earlier of delivery of the product or service, or receipt of payment. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

O. "Guarantor(s)" has the meaning given to it in Section 14(G) of this Agreement.

P. “Guarantor Net Worth Threshold” has the meaning given to it in the Guaranty Agreement (Exhibit D to this Agreement).

Q. “Guaranty Agreement” means the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit D.

R. “Improvements” means all ideas, concepts, products, recipes, process methods, techniques, improvements, additions and Customer Data relating to the development and/or operation of a Lee’s Famous Recipe Restaurant or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Restaurant, or any advertising or promotional ideas related to the Restaurant.

S. “Initial Franchise Fee” has the meaning given to it in Section 4(A) of this Agreement.

T. “Landlord” has the meaning given to it in Section 6(C) of this Agreement.

U. “Lee’s Famous Recipe Restaurant” means a restaurant that operates under the Marks and the System featuring chicken, biscuits and other complementary items, beverages, and related food and beverage products.

V. “Local Advertising Expenditures” has the meaning given to it in Section 4(D) of this Agreement.

W. “Marks” means the “Lee’s Famous Recipe®,” “Famous Recipe®,” and “Lee’s: Famous for Chicken®” service marks, the related design logo, and other trademarks, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.

X. “Non-Compliance Fee” has the meaning given to it in Section 15(E) of this Agreement.

Y. “Non-Traditional Venues” means any regional, enclosed or similarly situated shopping centers or malls, airports or other transportation terminals, travel stations, toll roads, train stations, ships, ports, piers, sports facilities, stadiums, college and university campuses, schools, institutional settings, corporate campuses, a department within an existing retail store, big box retailers, hotels and motels, grocery stores, office or in-plant food service facilities, supermarkets and convenience stores, warehouse club stores, amusement parks, and all properties controlled by the amusement park, casinos, theatres, building supply stores, hospitals, military and other governmental facilities, and any site for which the lessor, owner or operator will have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider or other similar types of locations that have a restricted trade area.

Z. “Operating Principal” means the designated individual responsible for the day-to-day operation of the Restaurant.

AA. “Operations Manual” means the confidential operations manual, along with handbooks, manuals and written materials for Lee’s Famous Recipe Restaurants. The Operations Manual will contain mandatory, specifications, recipes and procedures that we develop for Lee’s Famous Recipe System and information relating to your other obligations, all of which are confidential, proprietary, and our exclusive property.

BB. “Non-Recorded Payment” has the meaning given to it in Section 4(J) of this Agreement.

CC. “Payment Date” has the meaning given to it in Section 4(B) of this Agreement.

DD. “PCI” means Payment Card Industry.

EE. “POS System” means the point-of-sale system that will manage the daily workflow of the business, coordinate the customer ordering experience, track inventory, food costs, labor, and other financial information, and have the capability to provide specific detailed information in both dollar amounts and percentages.

FF. “Principal Owner” means any person or entity who directly or indirectly owns a five percent (5%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a five percent (5%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a five percent (5%) or greater interest in such general partner.

GG. “Privacy Laws” has the meaning given to it in Section 9(M) of this Agreement.

HH. “Products” means the chicken, biscuits and other complementary items, beverages, and related food and beverage products, and other accessories, that we designate in the Operations Manual as being included in the System’s standard restaurant menu and meeting the specifications and quality standards set forth in the Operations Manual.

II. “Proprietary Software” means the proprietary software programs we may designate for use in operating your Restaurant, including any software used for the Computer System.

JJ. “Purchased Assets” has the meaning given to it in Section 16(C) of this Agreement.

KK. “Records” means (1) monthly and annual chart of accounts; (2) monthly income statements; (3) monthly balance sheet and profit and loss statements; (4) monthly bank statements; (5) all annual tax returns relating to the Restaurant and each of its Principal Owners; (6) a complete annual financial statement (which, at our request, must be audited), including a balance sheet, profit and loss statement, and statement of cash flows, prepared in accordance with generally accepted accounting principles by an independent certified public accountant satisfactory to us and showing the results of your operations during such fiscal year; (7) any statistical or financial information regarding the operation of the Franchised Business, the Products and services sold by it, or data of a similar nature, including without limitation, any financial data that we believe that we need to compile or disclose in connection with the sale of franchises or that we may elect to disclose in connection with the sale of franchises and any or all product or equipment supply invoices reflecting purchases by or on behalf of the Franchised Business, and (8) such other records and information as we periodically may request.

LL. “Regional Advertising Cooperative Contribution” has the meaning given to it in Section 5(C) of this Agreement.

MM. “Regional Conference” means any regional marketing conference that we may hold or sponsor in your area or region.

NN. “Relocation Fee” has the meaning give to it in Section 6(J) of this Agreement.

OO. “Restaurant” means the Lee’s Famous Recipe restaurant developed and operated under this Agreement that offers the Products.

PP. “Restaurant Opening Campaign Requirement” has the meaning give to it in Section 6(I) of this Agreement.

QQ. “Site Selection Area” is the general marketing area described on Exhibit B to this Agreement.

RR. “System” means our system relating to the franchising of Lee’s Famous Recipe Restaurants that sell chicken and other approved food, beverage and other products sold, which System includes site evaluation assistance, equipment selection and layouts, merchandising, advertising, sales and promotional techniques, operations training, and other matters relating to the operation and promotion of such restaurants, all of which are designed to enhance the reputation and goodwill with the public of establishments operated in accordance with the System.

SS. “Technology Fee” has the meaning given to it in Section 4(F) of this Agreement.

TT. “Transfer Fee” has the meaning given to it in Section 14(C)(6) of this Agreement.

UU. “Website” has the meaning given to it in Section 9(Q) of this Agreement.

2. GRANT OF FRANCHISE

A. Grant of Franchise, Authorized Location and Designated Territory. Subject to the provisions contained in this Agreement, we grant you a license (the “Franchise”) to own and operate a Lee’s Famous Recipe Restaurant at a site we approve (the “Authorized Location”) and to use the Marks and other aspects of the System in operating the Restaurant. The location of the Restaurant and your Designated Territory are identified in Exhibit A, or alternatively, the parties will complete and sign Exhibit B, in which the parties agree on a geographic area where the location of the Restaurant will be established, subject to our written consent, within three (3) months after the date of this Agreement. We will have the right to terminate this Agreement if you fail to obtain an Authorized Location within the required time period. You do not receive any territorial rights upon designation of the geographic area in Exhibit B, and we and our affiliates have the right to operate and franchise other Lee’s Famous Recipe Restaurants within that designated area. Once we consent to a location for the Restaurant within the geographic area established in Exhibit B, however, the parties will sign Exhibit A and identify the Designated Territory.

B. Nature of Your Designated Territory. During the term of this Agreement, if you are in compliance with the terms of this Agreement and all other franchise agreements (if any) between us and you, we will not directly operate or franchise other persons to operate any other Lee’s Famous Recipe Restaurant within the Designated Territory. The Franchise granted to you under this Agreement is personal in nature, may not be used at any location other than at the Authorized Location, and does not include the right to sell any Products or services identified by the Marks at any location other than at the Authorized Location. This Agreement does not include the right to sell any Products or services identified by the Marks through any other channels of distribution, including the Internet (or any other existing or future form of electronic commerce). You will not open any other Lee’s Famous Recipe Restaurant, whether within or outside the Designated Territory, unless we permit you to do so under a separate franchise agreement. You will not have the right to subfranchise or sublicense any of your rights under this Agreement. You will not use the Restaurant for any purposes other than the operation of a Lee’s Famous Recipe Restaurant. You also understand and agree that the Designated Territory does not include Non-Traditional Venues, and we reserve all franchise and development rights respecting any Non-Traditional Venues located within the geographic boundaries of the Designated Territory. You acknowledge that you do not have any other territorial rights within the Designated Territory. You may not solicit prospective customers outside of the Designated Territory, unless (a) these prospective customers do not reside within the territory granted to

another franchisee or other Lee's Famous Recipe Restaurant location, and (b) you obtain our prior written consent. You acknowledge and agree that we retain all rights to all unassigned territories located outside of your Designated Territory, including those rights described in Section 2(E) below. We may elect to develop or sell any unassigned territory located outside of your Designated Territory at any time without prior notice or accommodation to you.

C. Catering and Delivery Services. Unless otherwise permitted by us, you must only offer and sell Products and services previously authorized by us, and only from the Restaurant, only in accordance with the requirements of this Agreement and the procedures set forth in the Operations Manual, and only to retail customers for consumption on the Restaurant's premises or for personal, carry out consumption. In addition, and without limiting the foregoing:

1. You may conduct catering from the Restaurant only if you obtain our approval and satisfy our operating standards for catering. Such approval will apply prospectively for all catering operations from the Restaurant, and you need not seek approval on a job-by-job basis; provided, however, that we will have the right to revoke or modify our approval if you fail to satisfy our System standards, which may be modified from time to time.

2. You will not conduct, engage in, subcontract to third parties, utilize on-line or internet-based delivery scheduling companies or applications, or authorize or permit any person, entity, third party, or technology to engage in, delivery operations at or from the Restaurant, unless such delivery operations or program has been expressly approved, in writing, by us. We may grant or not grant such approval in our sole discretion. We may condition our approval on, among other things, (a) your strict compliance with this Agreement and the standards and specifications for Restaurant operations set forth in the Operations Manual; and/or (b) your strict compliance with any delivery rules, procedures, requirements or standards that we may establish, such as, obtaining and maintaining additional and specialized insurance, and purchasing (or leasing) and using new or additional equipment and software for ordering, tracking, and reporting on deliveries, implementing a new or modified POS System(s), and utilizing required packaging; and/or (c) your utilization of designated or approved third-party ordering, delivery and/or billing services and/or software; and/or (d) your strict compliance with our standards and requirements for billing, collections and reporting of such services.

D. Rights Reserved to us. We (for us and our affiliates) retain the right:

1. to directly operate, or to grant other persons the right to operate, Lee's Famous Recipe Restaurants at locations outside the Designated Territory;

2. to directly operate, or to grant other persons the right to operate, Lee's Famous Recipe Restaurants at Non-Traditional Venues within and outside the Designated Territory;

3. to promote, sell and distribute anywhere, including through restaurants and other establishments, the Products and the services authorized for sale at Lee's Famous Recipe Restaurants under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution;

4. to promote, sell, distribute and license the Products and the services authorized for sale at Lee's Famous Recipe Restaurants, as well as similar products and services, other food products, beverages, clothing, glassware and memorabilia under the Marks through dissimilar channels of distribution (*i.e.*, other than the operation of full-service Lee's Famous Recipe Restaurants), including direct mail, wholesale activities, grocery stores, convenience stores, retail

stores, and by electronic means such as the Internet, and other permanent, temporary, or seasonal food service facilities, carts, kiosks, or other mobile food vehicles, such as food trucks, and pursuant to conditions we deem appropriate within and outside the Designated Territory;

5. to acquire businesses that are the same as or similar to the Restaurant or other Lee's Famous Recipe Restaurants and operate such businesses regardless of whether such businesses are located within or outside the Designated Territory, and to be acquired by any third party which operates businesses that are the same as or similar to the Restaurant or other Lee's Famous Recipe Restaurants regardless of whether such businesses are located within or outside the Designated Territory; and

6. to promote the System and the Restaurants generally, including on the Internet (or any other existing or future form of one or more electronic commerce) and to create, operate, maintain and modify, or discontinue the use of websites using the Marks.

We (for us and our affiliates) further retain all other rights not explicitly granted to you under this Agreement.

3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The term of this Agreement will be for fifteen (15) years commencing on the Effective Date.

B. Renewal Agreement. You will have the right to enter into a renewal agreement for the Franchise for the Restaurant for one (1) additional term of fifteen (15) years, provided you satisfy the following conditions respecting the renewal term:

1. You have given us written notice at least one hundred and twenty (120) days but no more than three hundred and sixty-five (365) days before the end of the term of this Agreement of your intention to enter into a renewal agreement;

2. Within the twenty-four (24) months immediately preceding the expiration of this Agreement, you have not been in default in the performance of any material obligation, with the definition of "material obligation" being made in our sole discretion, under this Agreement or any other agreement between you and us or any of our affiliates and continue to comply with all of the material provisions of this Agreement and all other agreements between you and us or any of our respective affiliates, including the payment of all monetary obligations you owe to us or our affiliates, and have complied with our material operating and quality standards and procedures;

3. You provide documentation satisfactory to us that you have the right to maintain possession of the Authorized Location during the renewal term described in our then-current franchise agreement and have, at your expense, made such reasonable capital expenditures necessary to remodel, modernize and redecorate the Restaurant and to replace and modernize the décor, supplies, fixtures, signs, and equipment used in operating the Restaurant so that the Restaurant reflects the then-current physical appearance of new Lee's Famous Recipe Restaurants, or can secure a new location within the Designated Territory to which we have consented (such consent not to be unreasonably withheld) and agree to make all required improvements to the new Restaurant premises and install all required fixtures and equipment in compliance with our then-current standards and specifications for new Lee's Famous Recipe Restaurants;

4. Both a Principal Owner we approve and the Operating Principal complete, to our satisfaction, any new training and refresher training as we may reasonably require. You are responsible for travel, living and compensation costs of attendees;

5. You have paid to us at least thirty (30) days before the term of this Agreement expires a renewal fee equal to the then-current franchise fee being charged by us for new franchises;

6. At least ninety (90) days prior to the end of the term, you sign and return to us our then-current franchise agreement which may differ materially from the provisions of this Agreement; provided, however, you will not have any additional renewal rights and you will be required to pay the renewal fee in lieu of the initial franchise fee stated in the then-current franchise agreement; and

7. You and each Principal Owner sign a general release, in form acceptable to us, of all claims against us and our affiliates, officers, directors, employees, and agents.

C. Your failure to give timely notice of your intention to extend your rights to operate the Restaurant, as described in Section 3(B)(1) shall be deemed an election not to extend your rights to operate the Restaurant. IN OUR SOLE DETERMINATION, YOU MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND YOUR RIGHTS TO OPERATE THE RESTAURANT (AND ITS OPTION SHALL THEREUPON TERMINATE) IF YOU FAIL TO EXECUTE AND RETURN TO US THE RENEWAL FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY US WITHIN SIXTY (60) DAYS AFTER THEIR DELIVERY TO YOU, OR FAIL TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 3.

D. If you do not sign the renewal franchise agreement prior to the expiration of this Agreement and continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating without a franchise to do so and in violation of your rights; or (ii) continued on a month-to-month basis (“Interim Period”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

4. FRANCHISE AND OTHER FEES

A. Initial Franchise Fee. You will pay us an “Initial Franchise Fee” of Thirty-Five Thousand Dollars (\$35,000). The Initial Franchise Fee is payable when you sign this Agreement and is not refundable.

B. Royalty Fee. You will pay us a non-refundable weekly Royalty Fee equal to five percent (5%) of your Gross Sales. The Royalty Fee is due and payable on Friday of each week (the “Payment Date”) for the preceding seven (7) day period ending on Saturday of such week (Sunday to Saturday) based on the Gross Sales during such seven (7) day period. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from Gross Sales as circumstances, business practices, and technology change. You will pay the Royalty Fee to us by electronic funds transfer where we will electronically debit your designated bank account, as described in Section 4(F), unless we specify otherwise in writing.

C. Brand Cooperative Advertising Fund Fee. As further described in Section 5(A) below, you will pay us a non-refundable weekly fee equal to three percent (3%) of Gross Sales (the “Brand Cooperative

Advertising Fund Fee”). We will deposit the Brand Cooperative Advertising Fund Fee into the Brand Cooperative Advertising Fund as described in Section 5(A) below. The Brand Cooperative Advertising Fund Fee is due and payable on the Payment Date and must be paid in the manner described in Section 4(H), unless we specify otherwise in writing. We may adjust the amount of the Brand Cooperative Advertising Fund Fee upon sixty (60) days’ notice to you, provided the Brand Cooperative Advertising Fund Fee may not exceed four percent (4%) of Gross Sales.

D. Local Advertising Expenditures. As further described in Section 5(B) below, we may require you to spend, or to pay us, the Local Advertising Expenditure. If we require you to pay us the Local Advertising Expenditure, we will then spend on your behalf in our sole discretion, and it will be due and payable on the Payment Date and must be paid in the manner described in Section 4(H), unless we specify otherwise in writing.

E. Technology Fee. You will pay us our then-current monthly technology fee (the “Technology Fee”), currently equal to One Hundred Dollars (\$100) per month. The Technology Fee is due on the Payment Date and must be paid in the manner described in Section 4(H), unless we specify otherwise in writing. We may adjust the amount of the Technology Fee once per calendar year upon sixty (60) days’ notice to you, but the monthly Technology Fee will not increase by more than twenty five percent (25%) annually during the initial term of this Agreement.

F. Electronic Transfer of Funds. We will require you to sign an electronic transfer of funds authorization in the form attached as Exhibit E to this Agreement, along with other documents as we periodically designate to authorize your bank to transfer, either electronically or through some other method of payment we designate, directly to our account and to charge your account for all Royalty Fees, Brand Cooperative Advertising Fund Fees, Local Advertising Expenditures (if applicable), Regional Marketing Cooperative Contributions (if applicable), and Technology Fees and other amounts you owe us. Your authorization will permit us to designate the amount to be transferred from your account. You must maintain a balance in your accounts sufficient to allow us to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein. You may not close the bank account referenced in the authorization without prior written notice to us and the establishment of a substitute bank account.

G. Interest on Late Payments. All Royalty Fees, Brand Cooperative Advertising Fund Fees, Local Advertising Expenditures (if applicable), Regional Marketing Cooperative Contributions (if applicable), Technology Fees and other amounts which you owe to us or our affiliates will bear interest after the due date at the lesser of: (1) eighteen percent (18%) per year; or (2) the maximum contract rate of interest permitted by law in the state in which the Restaurant is located.

H. Insufficient Funds. You must pay to us a service charge of up to Five Hundred Dollars (\$500) for each delinquent payment that you owe to us under this Agreement. A payment is delinquent if: (1) we do not receive the payment on or before the date due; or (2) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the date due. The service charge is not interest or a penalty but is in lieu of interest and compensates us for increased administrative and management costs due to your late payment.

I. Non-Reporting Fee. If you have not reported Gross Sales of the Restaurant for the seven-day period immediately preceding the Payment Date, we will be authorized to debit your account in an amount equal to the greater of One Thousand Five Hundred Dollars (\$1,500) or one hundred and twenty percent (120%) of the Royalty Fees transferred from the Account for the last reporting period for which Gross Sales of the Center were recorded (the “Non-Recorded Payment”). Once you have reported your Gross Sales for that seven-day period, then you must pay us any shortfall between the amount that you owe

us and the Non-Recorded Payment. If the Non-Recorded Payment is more than the amount that you would have owed, then we will either the difference to you or apply the overpaid amount to your next payment due to us.

J. Application of Payments. We have discretion to apply amounts due to us or any of our affiliates any payments received from you or any amount we owe you.

K. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, Brand Cooperative Advertising Fund Fees, Local Advertising Expenditures (if applicable), Regional Marketing Cooperative Contributions (if applicable), Technology Fees or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due to us for Royalty Fees, Brand Cooperative Advertising Fund Fees, Local Advertising Expenditures (if applicable), Regional Marketing Cooperative Contributions (if applicable), Technology Fees or any other amounts due.

L. Right to Set-Off. Notwithstanding anything contained in this Agreement, upon your failure to pay to us as and when due, any amounts of money provided for herein, we will have the right, at our election, to deduct any and all such amounts remaining unpaid from any monies or credits that we hold on your account. If you pay, or we otherwise receive, less than the full amount of any payment due hereunder, the payment will be applied against the earliest amount due to us. We may accept any check or payment in any amount without prejudice to our right to recover the balance of the amount due or to pursue any other right or remedy. No endorsement or statement on any check or payment or in any letter accompanying any check or payment or elsewhere shall be construed as an accord or satisfaction.

M. Amounts Owing to Affiliates. In the event that you enter into any agreement or transaction with any of our affiliates, associates, licensees or licensors, you agree, as a specific covenant to us under this Agreement, to pay all sums due and owing under any such agreement or transaction promptly, in full, when due and prior to any delinquency. We will have the right to make demand that you pay any amounts due and owing under any such agreement or transaction, and upon the making of any such demand, the amount due and owing will be deemed to be an amount due and owing by you to us under this Agreement.

N. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Restaurant is located imposes as a result of your operation of the Restaurant or the license of any of our intangible property in the jurisdiction in which the Restaurant is located. We will have no liability for any taxes that arise or result from your Restaurant, and you will indemnify us and our affiliates for any such taxes that may be assessed or levied against us which arise out of or result from your Restaurant. If any “franchise” or other tax which is based upon the Gross Sales, receipts, sales, business activities, or operation of your Restaurant is imposed upon us or our affiliates by any taxing authority, then you will reimburse us and our affiliates for all such taxes paid by us or our affiliates. If more than one Lee’s Famous Recipe Restaurant is located in such jurisdiction, they will share the liability in proportion to their Gross Sales from the franchised business, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to you. If applicable, this payment is in addition to the Royalty Fee payments described above.

O. Weekly Reports. Every Monday morning, or at any other date or time that we designate, you will provide us with a report of the previous week’s Gross Sales and other revenue generated at or by the Restaurant, including whatever other information and documents we may from time to time specify in the Operations Manuals or otherwise, in whatever form we may require.

5. ADVERTISING

A. Brand Cooperative Advertising Fund. You will pay to us for deposit in a brand development and promotional fund (the “Brand Cooperative Advertising Fund” or “Fund”) the Brand Cooperative Advertising Fund Fee. We will place all Brand Cooperative Advertising Fund Fees we receive in the Brand Cooperative Advertising Fund and will manage such Fund. We also will contribute to the Brand Cooperative Advertising Fund for each Lee’s Famous Recipe Restaurant in the United States that we or our affiliates develop or acquire and operate at the same percentage rate as franchised Lee’s Famous Recipe Restaurants must pay to the Brand Cooperative Advertising Fund. Disbursements from the Brand Cooperative Advertising Fund will be made to pay expenses we incur, in our sole discretion, in connection with the general promotion of the Marks and System, including the cost of formulating, developing and implementing advertising, marketing, direct mail, promotional and public relations campaigns; expenses related to market research and customer and franchise satisfaction surveys; the cost of product research and development and menu development; creative development services (including creation and modification of Lee’s Famous Recipe Restaurant design and trade dress, logos, menu design, graphics, and vehicle wraps, and advertising and promotional items, including the cost of retiring expired or obsolete printed items and materials, photography services, and design software); organizing and hosting franchise conferences; the development and maintenance of online ordering, website hosting and e-commerce programs; and the reasonable costs of administering the Brand Cooperative Advertising Fund, including the cost of employing advertising, public relations and other third party agencies to assist us and providing promotional brochures and advertising materials to Lee’s Famous Recipe Restaurants and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the Brand Cooperative Advertising Fund. You understand that the Brand Cooperative Advertising Fund is intended to maximize the public’s awareness of Lee’s Famous Recipe Restaurants and the System, and that we undertake no obligation to ensure that any individual franchisee benefits directly or on a pro rata basis from the placement, if any, of advertising, marketing or other activities in its local market. You further acknowledge that your failure to derive any such benefit, whether directly or indirectly, will not be cause for your nonpayment or reduction of the required contributions to the Brand Cooperative Advertising Fund. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Lee’s Famous Recipe Restaurants, which may include one or more pages dedicated to promotion of the franchise program and franchise sales. We may, through the Brand Cooperative Advertising Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as plans and materials we furnish to other Lee’s Famous Recipe Restaurants. We will determine the methods of advertising, media employed and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs.

B. Local Market Advertising. We recommend that you expend at least one percent (1%) of Gross Sales on local market advertising, but we reserve the right to require you spend up to one percent (1%) of Gross Sales each week on approved local marketing, exclusive of on-site signs, telephone directory listings, and costs of Products sold at a reduced cost or given away (the “Local Advertising Expenditures”). We also reserve the right to require you pay us the Local Advertising Expenditure, which we will then spend on local market advertising on your behalf in our sole discretion. We may require you to provide us, in a time or manner that we prescribe, but no less than once per quarter, document evidencing that you have spent the minimum amount of Local Advertising Expenditures. To the extent that you participate in a local advertising cooperative, and to the extent that we require to expend certain local market advertising amounts under this Section, the expenses required by this Section will be reduced on a dollar-for-dollar basis by payments to the cooperative.

C. Regional Cooperative Advertising. In the future, we may require you to participate in, support and contribute to the cost of regional cooperative advertising programs we designate. We reserve the right to designate regional and local advertising markets, to establish regional advertising councils and to

establish the bylaws and other rules under which such councils will operate. Your contributions to regional and local advertising cooperatives (the “Regional Advertising Cooperative Contributions”) will be credited toward your local marketing expenditures described in Section 5(B) above, as we periodically prescribe. We have the power to create, merge, change, and dissolve any regional cooperative advertising programs at any time upon notice to you.

D. Approved Advertising, Media Plans and Restaurant Promotion Materials. We may develop and make available to your local restaurant media planning assistance. If we do so, you must use our recommended media plan in promoting the Restaurant or otherwise develop, and obtain our advance written approval of, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials in promoting the Restaurant. If you desire to use any advertising or promotional materials in promoting the Restaurant that we previously have not approved, you must submit all materials to us for our approval before using any such materials, which approval will not be unreasonably withheld. If we do not disapprove those advertising or promotional materials within ten (10) days after you submit those materials to us, then you may use the materials, although we reserve the right to disapprove those materials at any later time. If you use any advertising or promotional materials without submitting those materials to us or if you use materials we disapprove, in addition to any separate remedies we may have, any amounts spent on those materials will not be credited toward your local marketing obligations described in Section 5(C) above.

E. Participation in Certain Programs and Promotions. You must use your best efforts to promote and advertise your Restaurant and must participate in all advertising and promotional programs we establish in the manner we direct. You understand that participation in these programs will be at your expense and may require that you reimburse us to the extent we incur expenses directly related to those programs on your behalf. To the extent you must reimburse us for expenses we directly incur on your behalf for social media, text messaging and other marketing, advertising and promotional programs, such amounts will be credited toward your local marketing expenditures described in Section 5(C) above. You must, at your expense, participate in, and honor all provisions of any gift card and/or loyalty program that we have established or may establish and as we may modify, as further described in the Operations Manual. You also must honor all coupons, discounts and gift certificates as we may reasonably specify in the Operations Manual or otherwise in writing. You must also participate in any mystery shopper program we require and pay our then-current fee for the mystery shopper program.

F. Fund Administration. All such payments to the Fund may be deposited in our general operating account, may be commingled with our general operating funds, and may be deemed an asset of ours, subject however to our obligation to expend the Fund in accordance with the terms of this Section 5. We are not required to audit the Fund, but within one hundred and twenty (120) days of our fiscal year end, we will prepare an unaudited annual statement of monies collected and costs incurred by the Fund and furnish it to you with respect to for the prior fiscal year upon written request. We may, in our sole discretion, elect to accumulate monies in the Fund for such periods of time as we deem necessary or appropriate, with no obligation to expend all monies received in any fiscal year during such fiscal year. We may spend in any fiscal year an amount greater or less than the aggregate contributions of Lee’s Famous Recipe Restaurants to the Brand Cooperative Advertising Fund in that year. We may, in our sole discretion, from time to time advance monies to the Fund and charge the Fund interest on such advances at one percent (1%) above the prime rate then designated by us at our primary bank (or if no such rate is then so being designated, at such rate as reasonably determined by us as an equivalent rate) and may authorize repayment of such advances from the Fund, all in accordance with such terms as we deem necessary or appropriate. If we do not spend the monies in the Brand Cooperative Advertising Fund in the year they were collected, then they will be carried forward to the Brand Cooperative Advertising Fund for the following year. The Fund is not a trust or escrow account, and we and our designee have no fiduciary obligations regarding the Fund.

6. DEVELOPMENT AND OPENING OF THE RESTAURANT

A. Authorized Location. The Restaurant must be operated from a single Authorized Location.

1. If the parties have not agreed on an Authorized Location as of the Effective Date, we will designate a general marketing area (the “Site Selection Area”) on Exhibit B wherein you must locate and secure the Authorized Location as detailed in Section 6(B).
2. You acknowledge and agree that: (i) you do not have any territorial rights within the Site Selection Area; (ii) we may permit other new franchisees to search for the location of their franchised Restaurant within the same Site Selection Area that is assigned to you under this Agreement if we determine that the Site Selection Area is large enough to contain additional franchises; and (iii) potential locations for each franchised Restaurant within the Site Selection Area, and the resulting Designated Territories, will be reviewed and rejected/granted on a first-to-propose basis.
3. Once we approve the Authorized Location, the location will be set forth in Exhibit A.

B. Site Selection. You assume all costs, liability, expenses, and responsibility for researching, selecting, obtaining, and developing the Authorized Location that meets our then-current minimum standards and specifications. We reserve the right to require you to submit to us materials and information, as set forth in the Operations Manual, in connection with your proposed site for the Restaurant. Among other things, you must submit to us the Development Materials, including a written description of your proposed location for the Authorized Location together with evidence satisfactory to us that confirms your favorable prospects for obtaining the proposed location. We will give you written notice of our approval or rejection of the proposed location within thirty (30) days after receiving all required materials from you. After receiving our written evaluation of the proposed location for the Restaurant, you must execute a lease (if the Authorized Location is to be leased) or a binding agreement to purchase the Authorized Location, subject to our review of the terms, as further described in Section 6(C). Our evaluation of any location is not a representation or guaranty that a Restaurant located at the Authorized Location will be successful.

C. Lease for Authorized Location. You will secure within ninety (90) days of the Effective Date, by purchase, lease or sublease the site for the Authorized Location in the form and manner prescribed by us, which may include the use of a form of lease prepared by us and submitted to you for your use. The lease, whether the form of which is the form of lease prepared by us or the form of lease mandated by the landlord (the “Landlord”) of the Authorized Location, must be submitted to us prior to execution for our examination and approval to ensure that it contains the terms we require in all leases. You must provide us with a copy of the executed lease within thirty (30) days after execution by you and the Landlord. In addition, you and the landlord of the Authorized Location must sign a “Lease Addendum” in the form attached hereto as Exhibit C.

D. Alternative Lease Arrangements.

1. We may require that the Authorized Location that you secure be leased directly to us or our affiliate under a form of lease satisfactory to us and subleased to you under the standard sublease then used by us for that purpose. Alternatively, at our option, you must cause any lease that you obtain for the Authorized Location to be collaterally assigned by you to us or our affiliate in the form that we prescribe to secure the performance by you of your obligations under this Agreement. You will obtain consent from the applicable Landlord to such collateral assignment in the form prescribed by us and provide us copies of the collateral assignment of lease and Landlord’s

consent to collateral assignment of lease within thirty (30) days after execution by you and the Landlord.

2. Upon the termination or expiration of the Franchised Business for any reason, we or our designee will have the right to assume your status and replace you as lessee. You agree to execute an assignment of your interest in the lease promptly upon our request. Upon exercise of our or our designee's right to assume your status as lessee, and your compliance with the other provisions of this Section, you will be fully released and discharged from all liability for rent and all other liability under the lease (although not from any liability for unpaid rent or any other then-existing liability to the lessor under the lease, including any damages to the Restaurant or restoration costs). We will notify you within ninety (90) days of obtaining your written assignment of the lease of any damages to the Restaurant or restoration costs for which you are liable or responsible.

E. Your Development of the Restaurant. Promptly after you sign a lease or acquire the Authorized Location, and receive from us the prototype plans and specifications for the Authorized Location, you will:

1. with the assistance of a licensed architect we designate or approve, prepare and submit to us for approval any proposed modifications to our basic plans and specifications, which you may modify only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

2. obtain all required building, utility, sign, health, sanitation, food handling, and business permits and licenses, and any other required permits and licenses;

3. construct all required improvements to the Restaurant, purchase and install all required fixtures and equipment and decorate the Restaurant in compliance with the plans and specifications we approve and in compliance with all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

4. establish filing, accounting and inventory control systems complying with our requirements;

5. contract with a qualified, licensed, insured and bonded general contractor to supervise the construction of the Restaurant;

6. provide proof that you have builders' risk insurance, naming us as additional insureds, on a completed value basis covering the period of any construction, and commercial general liability insurance and commercial motor vehicle liability insurance (for owned and non-owned vehicles) against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with your development of Restaurants (or otherwise in conjunction with you conduct of business pursuant to this Agreement) under one or more policies of insurance, each on an occurrence basis, for personal and bodily injury, death and property damage, having a minimum limit of \$1,000,000 per occurrence and a general aggregate limit of not less than \$2,000,000;

7. secure all financing that you require to fully develop the Restaurant; and

8. complete the development of the Restaurant within one hundred and eighty (180) days after obtaining the Restaurant premises.

F. Fixtures, Equipment, Furniture and Signs. You will use in constructing and operating the Restaurant only those types of construction and decorating materials, fixtures, equipment (including computer hardware and software), furniture, and signs that we have approved for Lee's Famous Recipe Restaurants as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier we approve or designate (which may include us and/or our affiliates). If you propose to purchase any material, fixture, equipment, furniture or sign we have not then approved, or any items from any supplier we have not then approved, you must first notify us in writing and will provide to us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time. We may charge a reasonable fee up to One Thousand Dollars (\$1,000), plus our out-of-pocket costs and expenses, to evaluate any proposed material, fixture, equipment, furniture, sign, or supplier you submit to us for our evaluation.

G. Computer System; Proprietary Software; Customer Data.

1. Computer System. You must use the Computer System (including POS System) that we designate for your Restaurant. The computer hardware component of the Computer System must comply with specifications we develop. We reserve the right to require the Computer System to be configured as a package unit. We have the right to designate a single source from which you must purchase the Computer System, any software or hardware components thereof or associated service, and we or our affiliates may be that single source. You will be required to use and, at our discretion, pay for all future updates and modifications to the Computer System. We have no obligation to provide any maintenance, repairs, upgrades or updates to the POS System or Computer System.

2. Proprietary Software. You must obtain and use the Proprietary Software from us or our designated third-party supplier. The Proprietary Software will remain the confidential property of us or our third-party supplier. You must enter into our or our designee's standard form software license agreement in connection with your use of the Proprietary Software. We reserve the right to charge you a license fee related to your use of the Proprietary Software. You will pay the then-current fee for the Proprietary Software at or before the Proprietary Software is delivered to you. In addition, you must pay us the Technology Fee described in Section 4(F) for Computer System support and periodic updates we or our designee provide to you respecting the Proprietary Software. We reserve the right to assign our rights, title and interest in any Computer System and/or Proprietary Software to a third party we designate or to replace the Computer System and/or Proprietary Software. In such event, you may be required to enter into a separate software license agreement specified by the third-party supplier of the Computer System and/or Proprietary Software and pay any separate fees imposed under that agreement.

3. Payment Card Industry Compliance. You must comply with the then-current Payment Card Industry Data Security Standards ("PCI/DSS") as those standards may be revised by the PCI Security Standards Council, LLC or successor organization. Among other things, you agree to implement the security requirements that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards. You must demonstrate compliance upon reasonable request, which may include having an independent third-party qualified security assessor conduct a PCI/DSS audit. In the event you are unable to demonstrate full compliance, we may require that you engage the services of an approved vendor to assist you on an ongoing basis. We reserve the right to establish a PCI compliance program. Should we do so, you must follow such program, pay us or our designated third-party supplier the then-current monthly fee

associated with the program, and sign our or our designated third-party supplier's standard form agreement related to your participation in the program.

4. Customer Data. We also may access financial information and Customer Data produced by or otherwise located on your Computer System. During the Term, we will own the Customer Data that is stored on the Computer System, and you will be responsible for obtaining all customer consents necessary to allow us to use the Customer Data for various purposes as we may identify. We will periodically establish policies respecting the Customer Data. You must comply with all laws and regulations relating to privacy and data protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Restaurant. Subject to the limitations and requirements of all applicable privacy and credit card security laws and regulations, you must, at your sole expense, configure and connect the POS System to our internal system, or to our designated agent, in order to provide us with continuous real-time access to all of your intraday, daily, weekly and periodic sales, menu mix (in both dollar amounts and percentages), order guides from approved distributors, inventory, labor mix (including management) and all other data and reports and related data stored on your POS System. You agree that we, or our designated agent, will have the right to retrieve any data and information from your POS System as we, in our sole discretion, deems appropriate, with the cost of the retrieval and transmittal to be borne by you.

5. Internet/Email. You will have at the Restaurant Internet access with a form of high-speed connection as we require. You will use an e-mail address we designate for communication with us. It is your responsibility to protect yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and you waive all claims you may have against us as the direct or indirect result of such disruptions, failures and attacks.

H. Restaurant Opening. You must comply with any Restaurant opening requirements we periodically describe in the Operations Manual. You will not open the Restaurant for business without our prior written approval. You agree to complete the development of the Restaurant and open the Restaurant for business within the time period stated in Exhibit A or Exhibit B, whichever Exhibit is applicable.

I. Restaurant Opening Campaign. Within the first ninety (90) days following the opening of your Restaurant, you must spend a minimum of Ten Thousand Dollars (\$10,000) on a Restaurant opening campaign (the "Restaurant Opening Campaign Requirement") that we have approved in advance. You must submit to us a grand opening advertising marketing plan, in accordance with the requirements set forth in the Operations Manual or as otherwise required by us, ninety (90) days prior to the Restaurant's opening for business. You will use our designated media vendor (if any) and must implement our recommended media plan (if any) in conducting the Restaurant opening campaign. We reserve the right to collect all or a portion of the Restaurant Opening Campaign Requirement directly from you—either at the signing of this Agreement or before the opening of the Restaurant—and spend it on your behalf in connection with the Restaurant opening campaign; in which case we will spend the Restaurant Opening Campaign Requirement within ninety (90) days following the opening of your Restaurant. You must provide us with an accurate accounting of Restaurant opening campaign expenses (advertising and marketing) upon request.

J. Relocation of Restaurant. During the Term, you will use the Restaurant solely for the purpose of operating a Lee's Famous Recipe Restaurant. You will not relocate the Restaurant from the Authorized Location without our prior written consent. If you relocate the Restaurant under this Section 6(J), the "new" franchised location of the Restaurant to which we consent, including the real estate and building, must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for Lee's Famous Recipe Restaurants. We will not unreasonably withhold our consent to the proposed relocation, but we will condition our consent on the following: (a) we have received

at least ninety (90) days' written notice prior to the closing of the Restaurant at the existing Authorized Location; (b) you have obtained a site and corresponding lease for such site to which we have consented; (c) you pay us the Relocation Fee; (d) you reimburse us for any costs that we incur in the relocation process; (e) at our option, you either (i) confirm, in writing, that this Agreement remains in effect; or (ii) sign our then-current form of franchise agreement to govern the operation of the Restaurant at the new authorized location and, in we deem appropriate, for a new franchise term (in either case of subsection (i) or (ii), we may change the definition of the Designated Territory); (f) you agree to open the new Authorized Location for the Restaurant within five (5) days after you close the Restaurant at the prior Authorized Location and comply with any other conditions that we may require; and (g) you take, within the timeframe that we specify and at your sole expenses, all actions that we require to de-brand and de-identify the former Authorized Location so that it no longer is associated in any manner (in our opinion) with the System. If you must relocate the Restaurant because the Restaurant was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, you must reopen the Restaurant at the new Authorized Location in the Designated Territory within twelve (12) months after you discontinue operation at the existing Authorized Location.

We will require you to pay us a non-refundable relocation fee equal to fifty percent (50%) of our then-current standard initial franchise fee applicable to new Lee's Famous Recipe Restaurants (the "Relocation Fee") for services we will provide in connection with any relocation of the Restaurant. You must pay the Relocation Fee to us upon our acceptance of your proposed new location for the Restaurant.

There is no guarantee that an acceptable location will be available for relocation, and if you cannot relocate your Restaurant within the Designated Territory and reopen your Restaurant within the time periods described in this Section 6(J), we reserve the right to terminate this Agreement.

K. Minimum Restaurant Capital Requirements. We reserve the right, as periodically described in the Operations Manual, to require you to directly invest (i.e., assets belonging to you or the Principal Owner(s) of a corporate entity) a minimum amount of capital in operating the Restaurant.

L. Notice and Approval of Real Estate Financing(s). In the event that you or any affiliate of yours undertakes a financing of the real property, fee or leasehold, and/or improvements for the Restaurant, whether for the Restaurant under this Agreement, or multiple Restaurants owned or leased by you or any affiliate of yours, you must provide us not less than fifteen (15) days' prior notice of all material terms and conditions of such financing. In the event we determine, in our reasonable discretion, that such financing will generate an occupancy cost in excess of a Restaurant's normal operating costs, we will have the right to disapprove such financing. You agree to provide us with the financial information that we require to make such determination.

7. TRAINING AND OPERATING ASSISTANCE

A. Development of Restaurant. We will provide you with prototype drawings and specifications for a Lee's Famous Recipe Restaurant, reflecting our requirements for dimensions, interior design and layout, image, building materials, fixtures, equipment, furniture, signs and decor. We may provide you with reasonable consulting services in connection with the selection and evaluation of the proposed Restaurant site and development of the Restaurant, although you are solely responsible for identifying proposed sites that satisfy our minimum site selection criteria. You acknowledge that our assistance in site location and consent to the premises does not represent a representation or guaranty by us that the location will be a successful location for your Restaurant.

B. Training. At least thirty (30) days before the opening of the Restaurant, you, or your Operating Principal and at least three (3) managers, including your general manager and assistant managers

(or their operating equivalent), and any other persons we designate, must complete our initial training program on the operation of a Restaurant at your sole expense. You, the Operating Principal and each of the key personnel that attends the initial training program must attend and successfully complete to our satisfaction the entire initial training program. To the extent we permit an individual other than the controlling Principal Owner to serve as the Operating Principal, the controlling Principal Owner separately must attend and successfully complete to our satisfaction the initial training program and all supplemental and refresher training programs referenced below.

The initial training program for the Operating Principal and management personnel will take place over a six (6) to eight (8) week period at a location that we designate. No person may supervise the Franchised Business until they have completed the training to our satisfaction. If we determine, in our sole discretion, that any person cannot complete the training program satisfactorily, upon request, you must hire a replacement who must satisfactorily complete the training program. The fee for this initial training as of the date of this Agreement is \$5,000 for up to four (4) attendees, and it is due when you sign this Agreement. The fee as of the date of this Agreement for each additional attendee is \$3,000 per attendee. These training fees are non-refundable. We reserve the right to increase these training fees on an as-needed basis; however, we will not increase either fee more than one hundred and fifty percent (150%) of the previous years' fees. The initial training program consists of on-the-job training, and our instructional materials include manuals, workbooks, videos and digital content. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program.

All new Operating Principals and key management personnel must complete our designated initial training program. You must at all times employ at least one (1) general manager and two (2) assistant managers in the Franchised Business who have satisfactorily completed our training program. We may charge you our then-current fee for those new or additional individuals who attend the initial training program.

We may require that the Operating Principal and any key management personnel attend all supplemental and refresher training programs that we designate for up to seven (7) days each calendar year, in addition to any Annual or Regional Conferences we designate (as described below). We may charge you our then-current training fee for these supplemental and refresher training programs, and pay or reimburse us for the expenses incurred by your representatives, including the costs of travel, lodging, meals, and wages. The training fee for these supplemental and refresher training programs is non-refundable. You may also be required to purchase training videos or other instructional material from us from time to time, as set forth in the then-current Operation Manuals.

You are solely responsible for the compensation, travel, lodging and living expenses you and your employees incur in attending the initial training program, and the manager certification program, as well as any supplemental or refresher training programs. You also are solely responsible for paying your employees and providing all necessary insurance, including worker's compensation insurance, for you and your employees, while you and your employees attend training.

C. Opening Assistance. We will provide you with a minimum of two (2) trainers for up to ten (10) consecutive days in the opening and initial operations of the Restaurant, as we reasonably deem necessary, provided that (1) opening assistance will be subject to the availability of our personnel and (2) you must reimburse us for any expenses incurred by our representatives, such as costs of travel, lodging, and meals. Additional days of on-site opening assistance or additional trainers may be provided by us for our then-current training fee, which is currently \$500 per day, per trainer. We reserve the right to increase the additional assistance and training fee at any time however, we will not increase either fee more than one hundred and fifty percent (150%) of the previous years' fees. All of the foregoing fees in this Section 7(C)

will be due five (5) days from your receipt of an invoice related to such fees. We will determine the days and time at which our representatives are available to you.

D. Operating Assistance. We will advise you on operational issues and provide assistance in operating the Restaurant as we deem appropriate. Operating assistance may include advice regarding the following:

1. additional Products and services authorized for sale at Lee's Famous Recipe Restaurants;
2. selecting, purchasing and marketing Products, and other approved materials and supplies;
3. marketing assistance and sales promotion programs; and
4. establishing and operating administrative, bookkeeping, accounting, inventory control, sales and general operating procedures for the proper operation of a Lee's Famous Recipe Restaurant.

We will provide such guidance, in our discretion, through our Operations Manual, bulletins or other written materials, telephone conversations and/or meetings at our office or at the Restaurant in conjunction with an inspection of the Restaurant. We will provide additional assistance for a fee.

E. Operations Manual. We will provide on loan to you, during the term of this Agreement, a hard copy of or electronic (Internet) access to our Operations Manual. Any required specifications, standards and operating procedures that are contained in our Operations Manual exist to protect our interests in the System and the Marks and to create a uniform customer experience, and not to establish any control or duty to take control over those matters that are reserved to you. We may add to, and otherwise modify, the Operations Manual to reflect changes in authorized Products and services, and specifications, standards and operating procedures of a Lee's Famous Recipe Restaurant, in which case, you must comply with each requirement in the Operations Manuals within any reasonable time that we specify, or if no time is specified, within thirty (30) days after receiving notification of the requirement. The Operations Manual is considered a part of this Agreement. You must at all times ensure that your copy of the Operations Manual and any other confidential materials supplied by us to you are kept current and up to date. You must keep any printed Operations Manuals in a secure location, must restrict employee access to the Operations Manuals on a need-to-know basis, and take reasonable steps to prevent unauthorized disclosure or copying of any information in any printed or computerized Operations Manuals. The master copy of the Operations Manual that we maintain at our principal office or on our Website and make available to you by hard copy or electronic access, will control if there is a dispute involving the contents of the Operations Manual.

F. Annual and Regional Conference. We reserve the right to require you, your Operating Principal and up to two (2) additional key management personnel to attend any Annual Conference. We also reserve the right to require you, your Operating Principal and up to two (2) additional key management personnel to attend any Regional Conference. If we have an Annual Conference and/or Regional Conference, then the first two (2) individuals that go on your behalf do not need to pay a conference fee, but each additional attendee must pay to us our then-current conference fee, which will not exceed \$150 per attendee. You are solely responsible for all travel and living expenses for you and your attendees. If you fail to attend the Annual Conference or Regional Conference without our prior written consent, you must pay our then-current fee for two (2) people for failing to attend the franchise conference.

8. MARKS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of business in compliance with this Agreement and all applicable specifications, standards and operating procedures that we require during the term of the Franchised Business. You agree that the use of the Marks and any goodwill established exclusively benefits us and our affiliates, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the term of this Agreement or after your termination or expiration, contest or assist any other person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Restaurant, but you must identify yourself as the independent owner in the manner we direct. You must not use any Mark as part of any corporate or trade name or in any modified form, nor may you use any Mark in selling any unauthorized product or service or in any other manner we do not expressly authorize in writing. You agree to display the Marks prominently and in the manner that we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under applicable law.

C. Restrictions on Internet and Website Use. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. You have the right to access and participate in our website as further described in Section 9(Q) below. Except as we may authorize in writing, however, you will not: (1) link or frame our website; (2) conduct any business or offer to sell or advertise any Products or similar products or services on the Internet (or any other existing or future form of electronic communication) including e-mail marketing or other digital marketing; (3) create or register any Internet domain name in any connection with the Restaurant; (4) use any e-mail address which we have not authorized for use in operating the Restaurant; and (5) conduct any activity on social media or social networking website other than as we have expressly authorized in writing. You will not register, as Internet domain names, any of the Marks that we or our affiliates now or hereafter may own or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar.

D. Notification of Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us, our affiliates and our respective legal counsel regarding any infringement, challenge or claim. We or our affiliates may take any action we or our affiliates deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we or our affiliates may reasonably request to protect and maintain our and our affiliates' interests in any litigation or other proceeding or to otherwise protect and maintain our and our affiliates' interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will immediately notify us of any claims or complaints made against you respecting the Marks and you will, at your sole expense, cooperate in all respects with us and our affiliates in any court or other proceedings involving the Marks. Subject to our right of indemnification (as described in Section 17 below), we will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our affiliates and our respective legal counsel will have the right to control and conduct any litigation relating to the Marks.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our discretion, to modify or discontinue use of any Mark, or to use one or more additional or substitute trademarks or service marks. In such event, you will, at your expense, comply with such modification or substitution, at your sole cost and expense, within a reasonable time after notice by us.

9. RESTAURANT IMAGE AND OPERATING STANDARDS

A. Condition and Appearance of Restaurant/Remodeling of Restaurant. You agree to maintain the condition and appearance of the Restaurant (including adjacent parking areas and grounds), and refurbish and modify its layout, décor and general theme, as we may require to maintain the condition, appearance, efficient operation, ambience and overall image of Lee's Famous Recipe Restaurants, as we may modify. You will replace worn out or obsolete fixtures, equipment, furniture, or signs, repair the interior and exterior of the Restaurant, adjacent parking areas and grounds, and periodically clean and redecorate the Restaurant. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Restaurant premises (including parking areas and grounds) or its fixtures, equipment, furniture or signs do not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency. If you fail, within ten (10) days after receipt of notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance or refurbishing, we may (in addition to our rights under Section 15 below) enter the Restaurant premises and correct the deficiencies on your behalf, and at your expense.

In addition to your obligations above, you will, at your expense, make such reasonable capital expenditures necessary to remodel, modernize and redecorate the Restaurant premises so that the Restaurant reflects the then-current physical appearance of new Lee's Famous Recipe Restaurants. We may require you to take such action: (1) as soon as five (5) years after the date of this Agreement, but no more than once per each term (and renewal term, if applicable); (2) as a condition to the transfer of any interest as further described in Section 14(C); (3) as a condition of renewal; and (4) otherwise during the term of the Agreement as further described in the Operations Manual. You acknowledge and agree that the requirements of this Section 9(A) are both reasonable and necessary to ensure continued public acceptance and patronage of Lee's Famous Recipe Restaurants and to avoid deterioration or obsolescence in connection with the operation of the Restaurant. You further agree that, prior to any commencement of such repair or remodeling, you will submit to us proposed plans prepared by a licensed architect, at your expense, that comply with applicable laws, ordinances, building codes, permit requirements, lease requirements and restrictions, including proof of any variances required by building and zoning codes. You will not undertake such repairs or remodeling until we have approved the proposed plans in writing as satisfactory.

If the Restaurant is damaged or destroyed by fire or any other casualty, you will, within thirty (30) days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, to restore the Restaurant premises to its original condition before the casualty. If, in our reasonable judgment, the damage or destruction is of a nature or to an extent that you can repair or reconstruct the premises of the Restaurant consistent with the then-current décor and specifications of a new Lee's Famous Recipe Restaurant without incurring substantial additional costs, we may require, by giving written notice, that you repair or reconstruct the Restaurant premises in compliance with the then-current decor and specifications.

B. Restaurant Alterations. You cannot alter the premises or appearance of the Restaurant or make any unapproved replacements of or alterations to the fixtures, equipment, furniture or signs of the Restaurant without our prior written approval. We may, in our discretion and at your sole expense, correct any alterations to the Restaurant that we have not previously approved.

C. Restriction on Use of Premises. You agree that you will not, without our prior written approval, offer at the Restaurant any products or services we have not then authorized for use or sale for Lee's Famous Recipe Restaurants, nor will the Restaurant or the premises which it occupies be used for any purpose other than the operation of a Lee's Famous Recipe Restaurant in compliance with this Agreement.

D. Personnel. You are solely responsible for all employment decisions and functions of the Restaurant including, without limitation, those related to hiring, firing, training, compliance with wage and hour requirements, personnel policies, scheduling, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether you receive advice from us on these subjects. You acknowledge and agree that all personnel decisions, including hiring, firing, disciplining, compensation, benefits, and scheduling, will be made by you, without any influence or advice from us, and such decisions and actions will not be, nor be deemed to be, a decision or action of ours. Further, it is the intention of the parties to this Agreement that we will not be deemed a joint employer with you for any reason. If we incur any cost, loss, or damage as a result of any actions or your omissions of or the omissions of your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for such loss.

E. Authorized Ingredients, Supplies and Equipment. You agree to offer and sell at the Restaurant all and only the Products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. In addition, you agree to use in the operation of the Restaurant only such beverages, ingredients, recipes, formulas, supplies and equipment that we have approved as being suitable for use and meeting the standards of quality and uniformity for the System and are purchased from suppliers we have approved (which may include us and/or our affiliates). We periodically may modify the lists of approved Products, services, brands and suppliers. If you propose to offer for sale or use in operating the Restaurant any products, ingredients, supplies and equipment which we have not approved, you must first notify us in writing, pay our then-current supplier and product approval fee (currently \$500 per supplier or item) and any related costs we incur, and provide sufficient information, specifications and samples concerning the brand and/or supplier to permit us to determine whether the brand complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you within thirty (30) days of our receipt of all requested documents, information, and items whether the proposed brand and/or supplier is approved. We may develop procedures for the submission of a request for approved brands or suppliers and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by the approved supplier). We may impose limits on the number of suppliers and/or brands for any products, ingredients, supplies or equipment sold or used in the Restaurant or otherwise related to the Franchise, and we may require that you use only one supplier for any Products, ingredients, supplies or equipment. You agree that certain Products, materials, and other items and supplies may only be available from one source, and we or our affiliates may be that source. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, EQUIPMENT (INCLUDING ANY REQUIRED POS SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT ARE MANUFACTURED OR DISTRIBUTED BY THIRD PARTIES AND THAT WE APPROVE FOR USE IN THE SYSTEM.

F. Prices. With respect to the sale of all menu items, products, or services, you will have sole discretion as to the prices to be charged to customers; provided, however, that we may establish, advertise, and promote maximum prices on such menu items, products, and services, subject to compliance with applicable laws. If we impose such a maximum price on a particular menu item, product, or service, and subject to applicable law, you may not charge a price for such menu item, product, or service, in excess of the maximum price set by us.

G. Health and Sanitation. You must comply with all applicable governmental health and sanitary standards in operating and maintaining your Restaurant. You also must comply with any higher standards that we prescribe. In addition to complying with such standards, if the Restaurant will be subject to any governmental sanitary or health inspection under which it may be rated in one or more than one classification, the Restaurant will be maintained and operated so as to be rated in the highest available health and sanitary classification respecting each such inspection. If you fail to be rated in the highest classification or receive any notice that you are not in compliance with all applicable health and sanitary standards, you will immediately notify us of such failure or noncompliance.

H. Restaurant Operation. We will approve the hours of operation for the Restaurant, and you may not modify those hours of operation without our prior written consent.

I. Standards of Service. You must at all times give prompt, courteous and efficient service to your customers. You must, in all dealings with your customers and suppliers and the public, adhere to the highest standards of honesty, integrity and fair dealing.

J. Specifications, Standards and Procedures. You acknowledge that each detail of the appearance and operation of the Restaurant is important to us and other Lee's Famous Recipe Restaurants. You agree to maintain the highest standards of quality and service in the Restaurant and agree to comply with all specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or oral communication to you) relating to the appearance or operation of a Lee's Famous Recipe Restaurant, including:

1. type and quality of Products and Product procurement;
2. methods and procedures relating to marketing and customer service;
3. the safety, maintenance, cleanliness, function and appearance of the Restaurant premises and its fixtures, equipment, furniture, décor and signs;
4. qualifications, dress, general appearance and demeanor of Restaurant employees. Each of your employees will wear only those uniforms which we have approved in writing;
5. the style, make and/or type of equipment (including computer equipment) used in operating the Restaurant;
6. use and illumination of exterior and interior signs, posters, displays, standard formats and similar items;
7. quality of and customer satisfaction respecting catering and delivery services performed; and
8. Restaurant advertising and promotion.

K. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Restaurant, and must operate the Restaurant in full compliance with all applicable laws, ordinances and regulations, including all labor and employment laws. You will comply with all tax laws (including those relating to individual and corporate income taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, F.I.C.A. taxes, inventory taxes, personal property taxes and real estate taxes, and federal, state and local income tax laws). You must comply with all laws and regulations relating to privacy and data

protection and must comply with any privacy policies or data protection and breach response policies we periodically may establish. You must notify us in writing immediately of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of you or the Restaurant. You must notify us immediately of any suspected data breach at or in connection with the Restaurant. You will not conduct any business or advertising practice which may or does injure us, our business, the System, the Marks, or the goodwill associated with the Marks and other Lee's Famous Recipe Restaurants.

L. Data. You agree that Customer Data is deemed to be owned exclusively by us, and you also agree to provide the Customer Data to us at any time that we request. You have the right to use Customer Data while this Agreement or a successor or renewal Franchise Agreement is in effect, but only in connection with operating the Restaurant and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating the Restaurant and marketing Lee's Famous Recipe Products and services. However, if you transfer the Restaurant (as provided in Section 14 below), as part of the transfer, you must also transfer use of the Customer Data to the buyer as part of the total purchase price paid for the Restaurant.

M. Privacy Laws. You agree to abide by all applicable laws pertaining to the privacy of consumer, employee, and transactional information ("Privacy Laws"). You agree to comply with our standards and policies pertaining to Privacy Laws. If there is a conflict between our standards and policies pertaining to Privacy Laws and actual applicable law, you must: (i) comply with the requirements of applicable law; (ii) immediately give us written notice of said conflict; and (iii) promptly and fully cooperate with us and our counsel in determining the most effective way, if possible, to meet its standards and policies pertaining to Privacy Laws within the bounds of applicable law. You agree not to publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to said policy.

N. Artificial Intelligence. You will not, without our prior written consent, utilize any Generative AI directly or indirectly in the operation of the Restaurant, including without limitation, in advertising, promotion, or marketing of the Restaurant or the Franchised Business, communications with customers, business planning, analysis or optimization, or in any social media. You acknowledge and agree not to upload or share any Confidential Information (including any inputs of information containing trade secrets, sensitive confidential information or personal information) with any unapproved third-party platforms, including Generative AI, except as authorized in writing by us. In addition, you will prohibit your employees from using any Confidential Information in Generative AI. In the event you utilize any Generative AI, with or without prior approval from us, you must comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and must not infringe upon the intellectual property of a third party, or use such intellectual property without appropriate authorization and attribution.

O. Management of the Restaurant/Conflicting Interests. If you own the Restaurant as an individual, you must be active in overseeing the operations of the Restaurant. If you are entity owned by more than one individual, you must designate an Operating Principal to oversee the Restaurant; the Restaurant must at all times be under the Operating Principal's direct supervision and the Operating Principal or a certified manager who has successfully completed our initial training program must be the on-site manager at the Restaurant at all times. The Operating Principal must be approved by us and must have at least a five percent (5%) ownership interest in the Restaurant or a five percent (5%) profit participation in the Restaurant. You and the Operating Principal must at all times faithfully, honestly and diligently perform the obligations under this Agreement, and you and the Operating Principal must continuously use your best efforts to promote and enhance the business of the Restaurant. The Operating

Principal must maintain a primary residence within a reasonable driving distance of the Restaurant, assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments, or otherwise may conflict with your obligations.

You must at all times employ at least one (1) general manager and two (2) assistant managers in the Franchised Business who have satisfactorily completed the initial training program. You will immediately contact us in the event that you must send a manager or assistant manager to be trained in order to comply with the foregoing sentence. You will further make commercially reasonable efforts to promptly enroll any new Operating Principal, manager or assistant manager in a management training program approved by us.

If at any time you (if you are an individual), or the Operating Principal (if you are an entity) is not managing the Restaurant, we may immediately appoint a manager to maintain Restaurant operations on your behalf. Our appointment of a manager of the Restaurant does not relieve you of your obligations or constitute a waiver of our right to terminate the Franchise under Section 15 below. We are not liable for any debts, losses, costs or expenses you incur in operating the Restaurant or to any of your creditors for any Products, materials, supplies or services purchased by the Restaurant while it is managed by our appointed manager. We may charge you a management fee equal to three percent (3%) of your Gross Sales for the period in which we appoint a manager and require you to reimburse us for our costs and expenses in providing such services. We may cease to provide such management services at any time.

P. Insurance. You agree to purchase and maintain insurance at a minimum in the types of coverage and amounts we specify below, in the Operations Manual, or otherwise in writing. All insurance policies will: (1) be issued by an insurance carrier(s) acceptable to us and that have an A.M. Best rating of A or higher; (2) will name us and our affiliates, and their respective officers, directors and employees, as an additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the below-listed insurance coverage for each Lee's Famous Recipe Restaurant that you operate; and (5) provide that we will receive thirty (30) days' prior written notice of a material change in or termination, expiration or cancellation of any policy (or such shorter period as the insurance carrier may require and approved by us). As applicable, you will ensure that the any insurance required by this Section includes primary and non-contributory endorsement or language in form or content as we periodically require. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability.

You must purchase and maintain in full force at your sole cost and expense:

(i) worker's compensation and employer's liability insurance as prescribed by law (or a similar policy and coverage for restaurants that are located in a non-subscriber state);

(ii) business interruption insurance, including lease rentals, for a period adequate to re-establish normal business operations;

(iii) commercial general liability insurance (with products, personal and advertising injury, completed operations, and contractual liability and independent contractors coverage) and commercial motor vehicle liability insurance (for owned, hired and non-owned vehicles) against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business (or otherwise in conjunction with your conduct of business pursuant to this Agreement) under one or more policies of insurance, each on

an occurrence basis, for personal and bodily injury, death and property damage, having a minimum limit of \$1,000,000 per occurrence and a general aggregate limit of not less than \$2,000,000;

(iv) unemployment compensation, disability insurance, social security, health, and any other mandatory insurance required by law;

(v) property insurance (special form including wind, hail, flood and earthquake) with no coinsurance, covering the building and equipment in the amount of full replacement value;

(vi) employment practices liability insurance; and

(vii) builders' risk insurance on a completed value basis during the period of any construction, remodeling or restoration.

If at any time you fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur, together with an administrative fee equal to five percent (5%) of the insurance premium. You will provide us with copies of the certificate of insurance, insurance policy endorsements and other evidence of compliance with these requirements as we periodically require at least thirty (30) days before you take possession and commence development of the Restaurant and at such other times as we may require. In addition, you will provide to us a copy of the evidence of the renewal or extension of each insurance policy in a form we require at least ten (10) days prior to the expiration date. Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way due to any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 17. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. If you fail to comply with any of the requirements of this Section, and after written notice from us, we may obtain such insurance on your behalf, and you will pay us the cost of the procured insurance plus a reasonable administrative fee designated by us. Notwithstanding the existence of such insurance, you are and will be responsible for your indemnification obligations under Section 17. The applicable policy or policies required in this Section must insure your obligation to indemnify and hold us harmless as set forth in this Agreement. If the Restaurant sustains any damage covered by the insurance required in this Section, you will use the applicable insurance proceeds to restore the Restaurant to its original condition as soon as possible, unless prohibited by the lease or as we otherwise consent in advance, in writing. We do not represent or warrant that any insurance that you are required to purchase will provide you with adequate coverage. The insurance requirements specified in this Agreement are for our protection. You should consult with your own insurance agents, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits we require.

Q. Participation in Our Website. You will participate in our website listed on the Internet or other online communications (the "Website") and participate in any intranet system we control. We will, at our discretion, determine the content and use of the Website and intranet system and will establish rules under which you may or will participate. We will retain all rights relating to the Website and intranet system and may alter or terminate the Website or intranet system upon thirty (30) days' notice to you. Your general conduct on the Internet and our intranet system, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation on the Internet), will be subject to the provisions of this Agreement. You acknowledge that certain information obtained through your online participation on the Website or intranet system is considered Confidential Information, including access codes and identification codes. Your right to

participate on the Website or intranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

10. RECORDS AND REPORTS

A. Maintenance of Records. You must, in a manner satisfactory to us and in accordance with generally accepted accounting principles, maintain original, full, and complete Records which will accurately reflect all particulars relating to the Franchised Business, as well as other statistical and financial information and records that we may require, in the form and manner we direct in the Operations Manual or otherwise in writing. You also agree to use in the operation of the Restaurant only numerically sequenced invoices that we approve of. All of the Records must be kept for at least five (5) years, even if this Agreement is no longer in effect. Upon our request, you must provide us copies of the Records. All data provided to us under this Section 10 will belong to us and may be used and published by us in connection with the System (including in our disclosure documents). We also have the right to obtain copies of the Restaurant's financial statements directly from the accounting firm that is our then-current approved accounting firm with respect to any periods that you engage the then-current approved accounting firm for accounting services. You hereby consent to have our then-current approved accounting firm provide copies of such financial statements directly to us, and you will execute Exhibit G to this Agreement and any additional forms that may be required by us or the accounting firm in order to grant us access to such information.

B. Computer System for Records. You will record all transactions and Gross Sales of the Franchised Business on a Computer System that is designated or approved by us, which must contain software that we prescribe. We will, at all times and without notice to you, have the right to independently and remotely access and view your Computer System to review and retrieve any Records. We may later develop and furnish a complete accounting system which will be available to you for a fee established by us from time to time. To utilize our accounting service, you may be required to use a specialized electronic or computerized equipment and to provide us such information and supporting records, documents and forms, in such detail and at such times, as we specify.

C. Computer System Files and Passwords. You will not install or load any computer software on the hard disks or in any other form of storage associated with the Computer System used in connection with the Franchised Business without our prior written consent. You must supply all computer and file passwords associated with the Computer System as a list to us, along with any modifications or changes to that list. The passwords to access the Computer System located at the Restaurant or used by the Franchised Business, as well as all computer files and records related to the Franchised Business, are our exclusive property and you must provide us with these files and information upon the termination or expiration of this Agreement. Consistent with the other provisions of this Agreement, you agree and acknowledge that we may have automatic access to your specific passwords/keys/logins through the Computer System components and related Proprietary Software that we require you to use in connection with the Franchised Business.

D. Current Contracts, Listings and Projects. At any time and upon our request, you will provide us with a copy or summary listing, at our discretion, of all current contracts, listings, agreements, and projects that you are involved in or working with. You will also have the right to request or obtain copies of any reports that you receive from any approved suppliers, and if necessary, you will provide such authorization or documentation to an approved supplier to authorize the release of such reports to us.

E. Tax Returns. Upon our request, you must provide us with a copy of each of your reports, returns of sales, use and gross receipt taxes, and complete copies of any state or federal income tax returns covering the operation of the Franchised Business, all of which you must certify as true and correct.

F. Required Reports. For all Records that are due to us on a weekly basis, you must provide those Records to us on or before the Payment Date of each week; for all records due on a monthly basis, you must provide those Records to us on or before the tenth (10th) day of the following calendar month; and for all Records that are due to us on an annual basis, you must provide those Records to us on or before thirty (30) days following the end of the calendar year. Notwithstanding the preceding sentence, you must provide us, within sixty (60) days after the end of each fiscal year of the Restaurant, (i) an unaudited annual statement of profit and loss and source and application of funds of the Restaurant for the fiscal year and (ii) a balance sheet for the Restaurant as of the end of the fiscal year, prepared by an independent public accountant and verified and signed by you as to the information furnished to such accountant. We may require you to prepare and submit Records to us in the format and manner that we specify in writing, and we may modify the frequency in which you must submit any Reports to us upon notice to you.

11. INSPECTION AND AUDITS

A. Audit. To determine whether you and your Restaurant are complying with this Agreement and all System standards, we and our designated agents and representatives may at all times, and without prior notice to you: (i) inspect the Restaurant; (ii) examine and copy the Restaurant's Records; (iii) observe, photograph, record and otherwise monitor the Restaurant's operation (including so-called "mystery shopping") for consecutive or intermittent periods as we deem necessary; (iv) phone screen and test operation/sales scripts of Restaurant employees; and (v) interview the Restaurant's employees and customers. If we exercise any of these rights, we will use commercially reasonable efforts not to interfere unreasonably with the Restaurant's operation. You will fully cooperate with our representatives and/or independent accountants that we hire to conduct any such audit. You agree that your failure to achieve the minimum quality scores (as described in the Operations Manual) or otherwise satisfy System standards in any quality assurance inspection that we conduct at the Restaurant is a default under this Agreement. Further, in the event any such audit discloses an understatement of the Gross Sales of the Restaurant, you must pay to us, within fifteen (15) days after receipt of the audit report, the Royalty Fees and Brand Cooperative Advertising Fund contributions due on the amount of such understatement, plus interest from the due date until the date of payment at the rate prescribed Section 4(I). Further, in the event such audit is made necessary by your failure to furnish reports, supporting records, or other information, as required by this Agreement or if the audit reveals an understatement of Gross Sales for any period or periods greater than one percent (1%), you must reimburse us for the cost of such audit, including the charges of any independent accountant and/or third-party vendor and the travel expenses, room and board and compensation of our employees and our authorized agents or representatives. The foregoing remedies will be in addition to all other remedies and rights of ours in this Agreement or under Applicable Laws.

B. Audit Failure; Remedies. Without limiting our other rights and remedies under this Agreement, you agree promptly to correct at your own expense all failures to comply with this Agreement (including any System standards) that our inspectors note within the time period that we specify following your receipt of our notice. We then may conduct one or more follow-up inspections to confirm that you have corrected these deficiencies and are otherwise complying with this Agreement and all System standards. You agree to pay all costs and expenses associated with any quality assurance programs that we periodically specify. We may charge you our then-current inspection fee (currently, Five Hundred Dollars (\$500)) to compensate us for our costs and expenses during any such follow-up inspection or any inspection that you request. You also agree to present to your customers the evaluation forms that we periodically specify and to participate and/or request that your customers participate in any surveys performed by or for us.

12. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Confidential Information. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Restaurant pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is our trade secret and is disclosed to you solely on the condition that you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any Confidential Information disclosed in written form; (4) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to Restaurant employees; and (5) will sign a Confidentiality Agreement and will require the Operating Principal and other Restaurant managers, employees and agents with access to Confidential Information to sign such an agreement in a form attached here as Exhibit F.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information, and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

B. Improvements. You must fully and promptly disclose to any and all Improvements that you, the Principal Owners or your employees or agents conceive or develop during the term of this Agreement. You and your Principal Owners, agents and employees acknowledge and agree that any Improvement is our property, and you and your Principal Owners, agents or employees must sign all documents necessary to evidence the assignment of the Improvement to us without any additional compensation. We may use the Improvement and disclose and/or license the Improvement for use by others. You must not introduce any Improvement or any additions or modifications of or to the System into the Restaurant without our prior written consent.

13. COVENANTS

A. Organization. You and each Principal Owner represents and warrants to us, and agrees to the following:

1. You are organized and validly exist under the laws of the state where you were formed and are qualified and authorized to do business in the jurisdiction where the Designated Territory and Restaurant is located;
2. Your Authorizing Documents at all times will provide that your business activities will be limited exclusively to the ownership and operation of the Restaurant, unless you otherwise obtain our written consent;
3. You have the power under the Authorizing Documents to sign this Agreement and comply with the provisions of this Agreement;
4. You must provide us copies of all Authorizing Documents and any other documents, agreements or resolutions we request in writing;

5. The names of all Principal Owners are accurately stated on the Guaranty attached hereto as Exhibit D; and

6. You will maintain a current schedule of the Principal Owners and their ownership interests (including the Principal Owners' names, address and telephone numbers) at all times and will immediately provide us with an updated ownership schedule (in the form attached as Exhibit G) if there is any change in ownership.

B. Non-Solicitation of Customers. You, and each Principal Owner, covenant that, during the term of this Agreement, and for a period of two (2) years thereafter, you and Guarantor will not, directly or indirectly divert or attempt to divert any business, account or customer of the Restaurant or any other Lee's Famous Recipe Restaurants or the System to any Competing Business.

C. Covenant Not to Compete During Term. You (and the Operating Principal and each other Principal Owner) will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (i) divert or attempt to divert any business or customers of the Restaurant to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; or (ii) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business (including any e-commerce or Internet-based business), except: (1) with our prior written consent; (2) if you own securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate agreement between you and us.

D. Post-Term Covenant Not to Compete. You (and the Operating Principal and each Principal Owner) will not, for a period of two (2) years after this Agreement expires or is terminated or the date on which you cease to operate the Restaurant, whichever is later, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (1) divert or attempt to divert any business or customers of the Restaurant to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; (2) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any restaurant business which is located at the former site of the Restaurant and offers menu items similar to those offered at the Restaurant; or (3) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business that is located (i) at the former site of the Restaurant, (ii) within a five (5) mile radius of the former site of the Restaurant or any other then-existing Lee's Famous Recipe Restaurant, (iii) within the Designated Territory, or (iv) within a five (5) mile radius of the Designated Territory; provided, however, that this Section 13(D) will not apply to: (i) other Lee's Famous Recipe Restaurants that you operate under separate Lee's Famous Recipe franchise agreements; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

E. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

14. ASSIGNMENT

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement. You acknowledge and agree that, following the effective date of any such assignment, you will look solely to the transferee or assignee, and not to us, for the performance of all obligations under this Agreement. Separately, we may assign or delegate to an affiliate or other third party certain of our obligations under this Agreement without assigning our interest in this Agreement. In such instance, we will remain the party ultimately responsible for the performance of such obligation(s).

B. Assignment to Wholly Owned Entity. You (as an individual) may assign this Agreement to a corporation or a limited liability company that conducts no business other than the Restaurant (or other Lee's Famous Recipe Restaurants under franchise agreements with us), provided: (1) the Restaurant is actively managed by you or an operating manager approved by us; (2) you own one hundred percent (100%) of the ownership interest in the corporation or limited liability company; (3) you and all Principal Owners of the assignee entity sign the Guaranty attached hereto as Exhibit D; (4) you provide us thirty (30) days' written notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; and (5) you provide us a certified copy of the articles of incorporation, operation agreement, organizational documents, and a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee entity.

C. Your Assignment or Sale of Substantially all of Your Assets. You understand that we have granted the Franchise under this Agreement in reliance upon the individual or collective character, aptitude, attitude, business ability and financial capacity of you (and, if applicable, your Principal Owners). You (and your Principal Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, your business, the Restaurant, substantially all or all of the assets of the Restaurant, this Agreement or any equity or voting interest in you unless you obtain our prior written consent. We may, in our sole discretion, grant or withhold our consent to an assignment of this Agreement for any reason. If we elect to grant our consent, then in addition to other requirements, we may condition our consent upon your satisfaction of and compliance with the following conditions:

1. All of your accrued monetary obligations to us and our affiliates have been satisfied, and you otherwise are in good standing under this Agreement and any other agreement between you and us;

2. The transferee (or the Operating Principal of the transferee, if applicable) is approved by us and demonstrates to our satisfaction that they meet our managerial, financial and business standards for new Lee's Famous Recipe Restaurants, possess a good business reputation and credit rating, and have the aptitude and ability to conduct the franchised business. You understand that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to ensure that the transferee meets our qualifications;

3. The transferee enters into a written agreement, in form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of the term under this Agreement, or, at our option, signs our then-current standard form of franchise agreement;

4. The transferee, the new Operating Principal, and up to at least three (3) managers, including the new general manager and assistant managers (or their operating equivalent), successfully complete the initial training program required of new Lee's Famous Recipe franchisees;

5. If required, the lessor of the Authorized Location consents to your assignment or sublease of the premises to the transferee;

6. You pay us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee applicable to new Lee's Famous Recipe Restaurants (the "Transfer Fee"). Half of the Transfer Fee is payable upon your request of such transfer, and the remaining half is due when the transfer is complete;

7. You (and each Principal Owner, if applicable) sign a general release, in a form and substance satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by applicable law;

8. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

9. You (and each Principal Owners, if applicable) sign an agreement, in a form satisfactory to us, in which you and each Principal Owner covenant to observe the post-termination covenant not to compete and all other applicable post-termination obligations.

10. If you (or your Principal Owners, if applicable) own, operate, and/or control multiple Lee's Famous Recipe Restaurants, we reserve the right to require you (or your Principal Owners, if applicable) to transfer any number or all of Lee's Famous Recipe Restaurants that you (or your Principal Owners, if applicable) own, operate, and/or control as a condition of approval for the transfer of your Restaurant under this Agreement.

We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 14(C) and may do so in the Operations Manual or otherwise in writing. Any sale, transfer, assignment or encumbrance made without our prior written consent will be voidable at our option and will subject this Agreement to termination as specified herein.

You acknowledge and agree that our consent to transfer in this Section 14 does not constitute any representation by us that such transfer constitutes a fair deal for you or transferee, or a guarantee of success for the transferee. Further, our consent pursuant to this Section does not represent that we will consent to any future transfer of this Agreement, the Franchised Business, or the Restaurant.

D. Death or Disability. If the Operating Principal dies or is permanently disabled, the remaining Principal Owners must appoint (if necessary) a competent Operating Principal acceptable to us within a reasonable time, not to exceed thirty (30) days, from the date of death or permanent disability. The appointed Operating Principal must satisfactorily complete our designated training program. If an approved Operating Principal is not appointed within thirty (30) days after the Operating Principal's death or permanent disability, we may, but are not required to, immediately appoint an Operating Principal to maintain Restaurant operations on your behalf until an approved assignee can assume the management and operation of the Restaurant. Our appointment of an Operating Principal does not relieve you of your obligations, and we will not be liable for any debts, losses, costs or expenses you incur in operating the Restaurant or to any creditor of yours for any Products, materials, supplies or services purchased by the Restaurant while it is managed by our appointed manager. We may charge a reasonable fee for management services and cease to provide management services at any time.

If the Operating Principal dies or is permanently disabled, his/her executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed twelve (12)

months from the date of death or permanent disability, to a person we approve. Such transfers, including transfers by devise or inheritance, will be subject to conditions contained in Section 14(C) above, provided that if the transfer is by devise or inheritance, the transferee will not be obligated to pay a training and transfer fee. Failure to so dispose of such interest within said period of time will constitute a breach of this Agreement.

E. Public or Private Offerings. Subject to Section 14(B) and 14(C) above, if you (or any of your Principal Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general or limited partnership interests) in you or any affiliate of you, you agree to submit any written information to us before your inclusion of that information in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we, in our discretion, object to any reference to us or any of our affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature used in any offering must contain the following language in boldface type on the first textual page:

“NEITHER LEE’S FRANCHISOR LLC NOR ANY OF ITS AFFILIATES: (A) IS DIRECTLY OR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED, (B) ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN, OR (C) ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

F. Our Right of First Refusal. If you or your Principal Owners at any time desire to sell or assign for consideration the Franchise, the Franchised Business, the Restaurant, an ownership interest of fifty percent (50%) or more ownership interest in you, or all or substantially all of your assets, you or your Principal Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written notice delivered to you or your Principal Owners within sixty (60) days following receipt of the proposed offer, to purchase the interest in the Restaurant or ownership interest in you for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Principal Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Principal Owners otherwise comply with this Section 14. If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again will have the right of first refusal. The terms of this Section 14(F) do not apply to a sale and subsequent leaseback of the Restaurant premises, or any furnishings or equipment used thereon, or any other sale or other transfer of the Restaurant premises or the furnishings or equipment thereon in connection with any bona fide financing plan.

G. Guaranty. All of your Principal Owners will sign the Guaranty Agreement. We may also require the spouse of any Principal Owner to sign the Guaranty Agreement (together with the Principal Owners, the “Guarantors”). Any person or entity that at any time after the date of this Agreement becomes a Principal Owner of yours under the provisions of this Section 14 or otherwise will, as a condition of

becoming a Principal Owner, sign the Guaranty Agreement. We reserve the right to require any Guarantor to provide personal financial statements to us on an annual basis. You represent and warrant to us that, as of the Effective Date (or, if you are not then an entity, as of Guarantors' execution of the Guaranty), at least one Guarantor satisfies the Guarantor Net Worth Threshold. You further represent and agree that at least one Guarantor will continue to satisfy the Guarantor Net Worth Threshold at all times during the Term, and you agree to, and must cause your Guarantors to, cooperate reasonably with us in connection with all auditing and reporting requirements relating to the Guarantor Net Worth Threshold requirement, whether contained in this Agreement or the Guaranty. If, at any point during the Term, no Guarantor satisfies the Guarantor Net Worth Threshold, then, in addition to any right we have under Section 15 below, we may also (1) require that additional individuals or entities guarantee your performance under this Agreement; or (2) require that you obtain a letter of credit in association with this Agreement, with terms and conditions satisfactory to us.

15. TERMINATION RIGHTS

A. Automatic Termination. This Agreement will automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following defaults:

1. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Restaurant;

2. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for you or the Restaurant without your consent, and the appointment is not vacated within sixty (60) days; or

3. If you purport to sell, transfer or otherwise dispose of any interest in this Agreement or the Restaurant, your business, or you otherwise violate Section 14 of this Agreement.

B. Termination Upon Notice. We have the right to terminate this Agreement upon notice to you without providing you an opportunity to cure for any of the following breaches or defaults:

1. If you or the Operating Principal fail to satisfactorily complete the initial training program, fail to sign a lease at such time as provided in this Agreement, or fail to open and commence operations of the Restaurant at such time as provided in this Agreement;

2. If you or any of your managers, directors, officers or any Operating Principal make a material misrepresentation or omission in the application for the Restaurant or any time thereafter, including, without limitation, understating Gross Sales in any report you submit to us by more than one percent (1%) in a particular month;

3. If you or any of your managers, directors, officers or any Operating Principal are convicted of, or plead guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we reasonably believe that you have committed such a felony, crime or offense;

4. If you voluntarily or otherwise abandon the Restaurant without our prior written consent. The term “abandon” means (i) failure to actively operate the Restaurant for more than three (3) business days without our prior written consent; or (ii) any other conduct on your part or your principals that we determine indicates a desire or intent to discontinue operating the Restaurant in accordance with this Agreement or the Operations Manuals;

5. If you are involved in any act or conduct which materially impairs or otherwise is prejudicial to the goodwill associated with the name Lee’s Famous Recipe or any of the Marks or the System, or otherwise violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks or Confidential Information;

6. If you engage in any conduct or practice that is fraudulent, unfair, unethical, or deceptive;

7. If you fail to pay us, our affiliate(s), or any approved or designated supplier any amount that is due and owed to that party, and fail to cure such breach within ten (10) days of the date you receive written notice from us (or any other party that is owed money) regarding such breach;

8. If there are insufficient funds in your designated bank account to cover a check or EFT payment to us three (3) or more times within any twelve (12) month period;

9. If you (or any Principal Owner) violate any in-term restrictive covenant set forth in Section 13 of this Agreement, or any of the other restrictive covenants set forth in this Agreement;

10. If you offer or sell any unauthorized or unapproved products or services at or from the Restaurant;

11. If you purchase any product, equipment, or supplies from an unapproved supplier, and fail to cure the default within fifteen (15) days of receiving notice from us by purchasing the product, equipment, or supplies from an approved supplier;

12. If you fail to obtain or maintain the minimum required insurance policies as described in Section 9(K) of this Agreement and our Operations Manual, and fail to cure the default within five (5) days of receiving written notice from us;

13. If you violate any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation, constitutionality, or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality;

14. If you or the Restaurant on two (2) or more occasions during any twelve (12) month period fail or refuse to comply with the procedures or requirements set forth in the Operations Manual or otherwise fail or refuse to comply with this Agreement, whether or not such failures or refusals are corrected after notice thereof is delivered to you;

15. Any other franchise agreement or other agreement between us (or any of our affiliates) and you (or any of your Principal Owners or affiliates) is terminated before its term expires, regardless of the reason;

16. If the Authorized Location is rendered inoperable by any casualty or taking in condemnation or eminent domain (the "Location Loss Event") and you, within one (1) year from the Location Loss Event, cannot locate an alternative location within the Designated Territory and restore the Restaurant to full operation within a reasonable period of time;

17. If, at any point during the Term, no Guarantor satisfies the Guarantor Net Worth Threshold; or

18. If the nature of your breach makes it not curable.

C. Termination upon Notice and 30 Days' Notice to Cure. Except for those defaults set forth in Sections 15(A) and 15(B) of this Agreement, or such longer period as applicable law may require, we may terminate this Agreement upon notice to you in the event you: (i) breach or violate any other covenant, obligation, term, condition, warranty, or certification under this Agreement, including your failure to comply with any other term or condition of this Agreement, the Operations Manual, or any ancillary agreement between you and us (or our affiliate); and (ii) fail to cure such default(s) within thirty (30) days after being provided with notice thereof.

D. Additional Remedies upon Default. In addition to and without limiting our other rights and remedies under this Agreement, any other agreement and Applicable Laws, upon the occurrence of any of the events that give rise to our right to terminate this Agreement under this Section, we may, in our sole option and upon delivery of written notice to you, elect to take any or all of the following actions without terminating this Agreement:

1. temporarily or permanently reduce the size of the Designated Territory, in which event the restrictions on us and our affiliates under Section 2(B) will not apply in the geographic area that was removed from the Designated Territory;

2. temporarily remove information concerning the Restaurant from our website and/or stop your or the Restaurant's participation in any other programs or benefits offered on or through the website;

3. suspend your right to participate in one or more programs or benefits that the Brand Cooperative Advertising Fund provides;

4. refuse to provide any operational support that this Agreement requires or that we have elected to provide or suspend any other services that we or our affiliates provide to you under this Agreement or any other agreement;

5. require that the lease obtained by you for the Restaurant premises be collaterally assigned by you to us in the form that we prescribe; and/or

6. enter the Restaurant and assume the management of the Franchised Business itself or appoint a third party (which may be an affiliate) to manage the Franchised Business. You agree that we need not post a bond or other security to exercise our rights under this Section 15(D)(6). All funds from the operation of the Restaurant while we or our appointee assumes its management will be kept in a separate account, and all of the expenses of the Restaurant will be charged to that account. We or our appointee may charge you (in addition to the amounts due under this Agreement) a management fee equal to three percent (3%) of the Gross Sales of the Restaurant during the period of management, plus any direct out-of-pocket costs and expenses, including the

salaries and benefits of the personnel managing the Restaurant. We or our appointee have a duty to utilize only reasonable efforts and will not be liable to you for any debts, losses or obligations the Restaurant incurs, or to any of your creditors for any Products or services the Restaurant purchases, while managing it. You will not take any action or fail to take any action that would interfere with our or our appointee's exclusive right to manage the Restaurant. We (or our appointee's) management of the Restaurant will continue for intervals lasting up to ninety (90) days each (and, in any event, for no more than a total of one (1) year), and we will during each interval periodically evaluate whether you are capable of resuming the Restaurant's operation and periodically discuss the Restaurant's status with you.

Our exercise of our rights under this Section 15(D) will not be a defense for you to our enforcement of any other provisions of this Agreement, nor will it waive or release you from any of your other obligations under this Agreement. Our exercise of these rights will not constitute an actual or constructive termination of this Agreement nor be our sole or exclusive remedy for your default. You must continue to pay all fees or otherwise comply with all of your obligations under this Agreement (except as set forth in Section 15(D)(6)) following our exercise of any of these rights. If we exercise any of our rights under this Section 15(D), we may thereafter terminate this Agreement without providing you any additional corrective or cure periods, unless the default giving rise to our right to terminate this Agreement has been cured to our satisfaction.

E. Non-Compliance Fee. In addition to, and notwithstanding the attorneys' fees provision in Section 19(D) of this Agreement, in the event of your default under Section 15, or in the event of any instance of your non-compliance with this Agreement, the Operations Manual, or other policies and System standards, for which we notify you of such default or non-compliance, we may require you to pay an administrative fee to us in the amount up to Five Hundred Dollars (\$500) per occurrence, and One Hundred Dollars (\$100) for each week such default or non-compliance remains uncured (collectively, the "Non-Compliance Fee"). Such Non-Compliance Fee is intended to reimburse us for our damages and other losses incurred, as well as the time, expense, and other expenditure of resources incurred due to your default or non-compliance. The additional weekly charge is our best estimate of the ongoing costs to monitor your action until the default or non-compliance is rectified and cured. The Non-Compliance Fee applies to each notice of non-compliance that we provide you for each separate event, action, or inaction of default or non-compliance. Our decision to require you to pay such administrative fee will be without prejudice to our right to terminate this Agreement and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

F. Early Termination Fee. If we are entitled to terminate this Agreement in accordance with Section 15(A) through (C) above, then in addition to all other rights and remedies available to us under this Agreement and applicable law, with the understanding that the pursuit of any one remedy shall not be deemed an election or waiver by us to pursue additional remedies as all remedies are cumulative and are not exclusive, we and you agree that we may require you to pay us as an early termination fee for the premature termination of this Agreement damages in an amount equal to (i) twenty-four (24) times (a) the average Royalty Fee that you were required to pay us for the full 12 month period prior to termination, plus (b) the average Brand Cooperative Advertising Fund Fee that you were required to pay us for the full 12 month period prior to termination. You acknowledge and agree that such early termination fees are a reasonable approximation of the damages we will incur resulting from the premature termination of the Franchise Agreement as a result of your breach, are appropriate because actual damages incurred by us will be difficult or impossible to ascertain, and are not a penalty.

G. Applicable Law. If the provisions of this Section 15 are inconsistent with applicable law, the applicable law will apply.

16. YOUR OBLIGATIONS UPON TERMINATION OR EXPIRATION

A. Post-Term Duties. If this Agreement expires or is terminated for any reason, you will:

1. immediately cease operation of the Restaurant and using the Marks as well as any confusingly similar trademarks or service marks;
2. within ten (10) days after termination, pay all amounts due and owing to us or our affiliates, including all Royalty Fees, Brand Cooperative Advertising Fund Fees, Local Advertising Expenditures (if applicable), Regional Marketing Cooperative Contributions (if applicable), Technology Fees and accrued interest due under this Agreement;
3. discontinue using, and return to us by priority United States mail with a tracking number, any hard copies of, the Operations Manual and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchised Business;
4. assign to us or, at our discretion, disconnect the telephone number for the Restaurant. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us;
5. remove from the Restaurant premises all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of a Lee's Famous Recipe Restaurant or bear the name "Lee's Famous Recipe" or other Marks;
6. comply with all post-termination obligations under any software license agreement, including the return of all materials relating to the Proprietary Software;
7. take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;
8. immediately cease using Confidential Information (including all Customer Data) and return to us all documents in your possession that contain Confidential Information;
9. at our option, we will purchase your inventory of Products in good and saleable condition at your actual cost less a thirty percent (30%) stocking fee and you will return to us any other remaining Products at no cost to us; and
10. comply with all other applicable provisions of this Agreement, including the non-compete provisions.

Upon termination or expiration of this Franchise Agreement for any reason, your right to use the name "Lee's Famous Recipe" and the other Marks and the System will immediately terminate, and you (and the Principal Owners) will not in any way associate yourself/themselves as being associated with us. If you fail to immediately remove all signs and other materials bearing the Marks, we may do so at your expense.

B. Redecoration. If this Agreement expires or is terminated for any reason, and you either remain in possession of the premises of the former Restaurant to operate a separate business not in violation of Section 13 above or enter into an agreement with a third party to allow such third party to directly operate a business at the premises of the former Restaurant, you will, at your expense, modify both the exterior and interior appearance of the business premises so that they will be easily distinguished from the standard

appearance of Lee's Famous Recipe Restaurants. At a minimum, such changes and modifications to the premises will include: (1) repainting the premises with totally different colors; (2) removing all signs and other materials bearing the name "Lee's Famous Recipe" and other Marks; (3) removing from the premises all fixtures which are indicative of Lee's Famous Recipe Restaurants; (4) discontinuing use of the approved employee uniforms and refraining from using any uniforms which are confusingly similar; (5) discontinuing use of all packaging and Confidential Information regarding the operation of the Restaurant; and (6) taking such other action, at your expense, as we may reasonably require. If you fail to immediately initiate modifications to the premises of the former Restaurant or complete such modifications with any period of time we deem appropriate, you agree that we or our designated agents may enter the premises of the former Restaurant to make such modifications, at your risk and expense, without responsibility for any actual or consequential damages to your property or others, and without liability for trespass or other tort or criminal act.

C. Our Option to Purchase Restaurant. If this Agreement expires or is terminated for any reason (other than our fault), we have the option, upon thirty (30) days' written notice from the date of expiration or termination, to purchase from you all the tangible and intangible assets relating to the Restaurant, including the Restaurant premises if you own the Restaurant premises (excluding any unsalable inventory, cash, short-term investments and accounts receivable) (collectively, the "Purchased Assets") and to an assignment of your lease for (1) the Restaurant premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease) and (2) any other tangible leased assets used in operating the Restaurant. If the Landlord is an affiliate of yours (controlling, controlled by or under common control with you) we will have the right to assume the lease on terms generally consistent with then-current market rates for space in the immediate area surrounding the Restaurant location. We may assign to a third party this option to purchase and assignment of leases separate and apart from the remainder of this Agreement.

The purchase price for the Restaurant will be the fair market value of the Purchased Assets; provided that: (1) we may exclude from the Purchased Assets any products or other items that were not acquired in compliance with this Agreement; and (2) we may exclude from fair market value any provision for goodwill or similar value attributable to intangible property (such as the Marks, the Proprietary Software and Confidential Information). If the parties cannot agree on fair market value within a reasonable time, we will designate an independent appraiser to determine the fair market value of the Purchased Assets. The determination of such appraiser will be binding on the parties hereto, and the costs of such appraisal will be divided equally between you and us. The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur within a reasonable time, not to exceed sixty (60) days, after the fair market value is determined. At the closing, you will deliver documents transferring good and merchantable title to the assets purchased, free and clear of all liens, encumbrances and liabilities to us or our designee and such other documents we may reasonably request to permit us to operate the Restaurant without interruption. We may set off against and reduce the purchase price by all amounts you owe to us or any of our affiliates. If we exercise our option to purchase the Restaurant, we may, pending the closing, appoint a manager to maintain Restaurant operations.

If we assume the lease for the Restaurant under this Section, you will pay, remove or satisfy any liens or other encumbrances on your leasehold interest and will pay in full all amounts due the lessor under the lease existing at or prior to assumption. We are not liable for any obligation you incur before the date we assume the lease.

D. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following the expiration or termination of this Agreement and until they are satisfied or expire.

17. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION

A. Relationship of the Parties. We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Restaurant and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Restaurant under a franchise agreement from us, and you must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

B. Your Indemnification Obligations. You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse us or them for, any loss, liability or damages arising out of or relating to your ownership or operation of the Restaurant, including, but not limited to, any employment-related claim; the relationship between the parties or your breach of this Agreement; and all reasonable costs of defending any claim brought against us or any of them or any action in which us or any of them is named as a party (including claims raised by you), including reasonable arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration or alternative dispute resolution, unless the loss, liability, damage or cost is solely due to our breach of this Agreement, gross negligence or willful misconduct. You must pay all losses, liability or damages we incur pursuant to your obligations of indemnity under this Section 17(B) regardless of any settlement, actions or defense we undertake or the subsequent success or failure of any settlement, actions or defense. Further, you agree to give us immediate notice of any such action, proceeding, demand or investigation brought against you or the Restaurant. We may, at our option, designate counsel, at your expense, to defend or settle such action, proceeding, demand or investigation brought against you or the Restaurant. This obligation does not diminish your indemnification obligations under this Section 17(B).

C. Our Indemnification Obligations. We agree to indemnify and hold you and your officers, directors and agents harmless against, and to reimburse you and them for, any loss, liability or damage solely arising from or relating to our breach of this Agreement, gross negligence or willful misconduct, and all reasonable costs of defending any claim brought against you or them or any action in which you or they are named as a party (including reasonable attorneys' fees).

D. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

18. DISPUTE RESOLUTION

A. Injunctive Relief. You acknowledge and agree that irreparable harm could be caused to us by your violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, we will be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) your use of the Marks and our Confidential Information; (ii) your covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement or any other agreement with us; (iii) your obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of our rights with respect to confidentiality under this Agreement; and (vi) prohibiting any act or omission by you or your employees that constitutes a violation of applicable law, threatens our franchise system or

threatens other franchisees of ours. Your only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and you waives all damage claims if the injunction is wrongfully issued.

B. Governing Law. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act, this Agreement will be governed by and construed under the procedural and substantive laws of the state of Delaware without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Franchised Business is located.

C. Attorneys' Fees. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

D. Claims. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 18(D), ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN US AND YOU, OR YOUR OPERATION OF THE RESTAURANT, INCLUDING ANY PROCEEDING, OR ANY CLAIM IN ANY PROCEEDING (INCLUDING ANY DEFENSES AND ANY CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (i) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (ii) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (iii) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS SHALL BE IRREVOCABLY BARRED. CLAIMS THAT WE MAY BRING ATTRIBUTABLE TO YOUR UNDERREPORTING OF SALES, CLAIMS UNDER THE PROVISIONS OF THIS AGREEMENT PERTAINING TO INSURANCE, AND CLAIMS FOR FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS. "CLAIM" IN THIS SECTION 18(D) MEANS ANY ALLEGATION, CHALLENGE, DEMAND, CAUSE OF ACTION, LAWSUIT, ARBITRATION, DISPUTE, CONTROVERSY, INVESTIGATION OR ADMINISTRATIVE PROCEEDING.

E. Venue. Any claims, controversies or disputes arising out of or related to this Agreement will be brought exclusively in the state or federal judicial district courts in which our principal business office is located. We also have the right to file any such suit against you in the federal or state court of Florida. The parties irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 18(G) will survive the termination of this Agreement.

19. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us are invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Nonwaiver. Our failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Any delay or omission by us respecting any breach or default will not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Our election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

C. Rights of Parties are Cumulative. The rights of you and us are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

E. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to you in this Agreement will include all such individuals.

F. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have or reserve (retain) a certain right, that right is absolute, and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us 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 to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

G. **WAIVER OF PUNITIVE DAMAGES. THE PARTIES AND THEIR RESPECTIVE AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY US.**

H. **WAIVER OF JURY TRIAL. THE PARTIES IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN**

EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

I. CLASS ACTION BAR. THE PARTIES AGREE THAT CLAIMS OF ANY OTHER PARTY OR PARTIES WILL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN THE PARTIES.

J. Force Majeure. Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God (“Force Majeure Event”). Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change your obligation to pay Royalty Fees and Brand Cooperative Advertising Fund Fees when due. Notwithstanding the foregoing, if there is a Force Majeure Event, we, may in our sole discretion, elect to waive the Royalty Fee and Brand Cooperative Advertising Fund Fees during the period of delay caused by the Force Majeure Event or such shorter period.

K. Notice of Potential Profit. We advise you that we and/or our affiliates periodically may make available goods, Products and/or services for use in the Restaurant on the sale of which we and/or our affiliates may make a profit. We further advise you that we and our affiliates periodically may receive consideration from suppliers and manufacturers respecting sales of goods, Products or services to you or in consideration for services provided or rights license to such persons. You agree that we and our affiliates will be entitled to such profits and consideration.

L. Entire Agreement. The “Introduction” section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

M. Personal Information Privacy. We have the right, and you consent, to us using and disclosing all personal information collected from you and your principals for any purpose connected with the System, and this Agreement and its enforcement, including providing or listing contact information for you and your principals and management employees for System communications purposes, including with landlords and other suppliers of goods or services, or prospective franchisees; posting on franchise system websites listing franchisees; in or in connection with our disclosure documents and, where applicable, prospectuses, statements of material facts and other securities filings and documents; and making reports or information received from you pertaining to the franchise, or portions thereof or extracts therefrom, available for inspection by prospective franchisees, to substantiate information contained in our disclosure documents for prospective franchisees regarding the subject matter of such reports or information, as the same pertain to the Franchise or System in general. We may also share such personal information where needed with our professional advisors, lenders or affiliates or under agreements with third parties relating to the Franchise or System. We may give access to or transfer our files containing such personal information to a prospective purchaser or purchaser of the franchise system. You are responsible to obtain any required consents from your principals and management employees as may be necessary for you to comply with these provisions.

20. NOTICES

A. Any and all notices, demands or communications required to be given by us to you must be either (1) by email to the email address below, or to such other email address as we may hereafter provide

to us in writing, or (2) in writing and sent by first class, certified or registered mail, or delivered by a recognized overnight courier service (e.g., UPS or Federal Express), receipt acknowledged, to you at the address below, or to such other address as you may hereafter provide to us in writing. Any notice, demand or communication will be deemed to be given three (3) days after mailing, or on the date of receipt, whichever is earlier.

B. Any and all notices, demands or communications required to be given by you to us hereunder must be either (1) by email to the email address below, or to such other email address as we may hereafter provide to you in writing, or (2) in writing and sent by first class, certified or registered mail, or delivered by a recognized overnight courier service (e.g., UPS or Federal Express), receipt acknowledged, to us at the address set forth below, or to such other addresses as we may hereafter provide to you in writing:

To Us:

Lee's Franchisor LLC
Attention: Franchise Administration
1270 N. Eglin Parkway, Suite C-14
Shalimar, Florida 32579
Email: franchising@famousforchicken.com

With a copy to:

Lathrop GPM
Attention: Eli Bensignor
3100 IDS Center
80 S. 80th Street
Minneapolis, MN 55402
Email: eli.bensignor@lathropgpm.com

To You:

Email:

21. **ACKNOWLEDGEMENTS**

A. **Success of Franchised Business.** The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owner's) ability as an independent businessman, and your active participation in the daily affairs of the Restaurant as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. **Independent Investigation.** You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone

made any other representation, which is not expressly stated herein, to induce you to accept this Franchise and sign this Agreement.

C. Receipt of Documents. Except for filling in the blank provisions and changes made as a result of negotiations that you initiated, you acknowledge that you received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days before the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled “Franchise Disclosure Document” at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound by such provisions.

D. Other Franchises. You acknowledge that other Lee’s Famous Recipe Restaurants have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

The parties have signed this Agreement on the date stated in the first paragraph.

WE:

YOU:

LEE’S FRANCHISOR LLC

Name of corporation or limited liability company

By _____
Name: _____
Its _____

By _____
Name: _____
Its _____

**EXHIBIT A
TO FRANCHISE AGREEMENT**

RESTAURANT LOCATION AND DESIGNATED TERRITORY

This Exhibit is attached to and is an integral part of Lee's Famous Recipe Franchise Agreement dated _____, 20____ (the "Franchise Agreement"), between you and us.

1. Restaurant's Authorized Location. We and you agree that the Restaurant will be located at the following premises: _____.
You acknowledge that our consent to a proposed location is not a representation or warranty of any kind by us or our affiliates as to the suitability of the proposed location for a Lee's Famous Recipe Restaurant.

2. Designated Territory. The Designated Territory will be the following: _____
_____.

3. Restaurant Opening. You agree to complete the development and open the Restaurant for business within twelve (12) months after the date first stated above, or in accordance with the development obligations as described in the Area Development Agreement, if applicable.

4. Defined Terms. All capitalized terms contained in this Exhibit not defined herein will have the same meaning as provided in the Franchise Agreement.

WE:

LEE'S FRANCHISOR LLC

By _____
Name: _____
Its _____

YOU:

Name of corporation or limited liability company

By _____
Name: _____
Its _____

**EXHIBIT B
TO FRANCHISE AGREEMENT**

RESTAURANT LOCATION GENERAL AREA

This Exhibit is attached to and is an integral part of Lee’s Famous Recipe Franchise Agreement dated _____, 20____ (the “Franchise Agreement”), between you and us.

1. Site Selection Area for Restaurant Location. Within three (3) months after the date of the Franchise Agreement, you will select and obtain our consent to a location with the provisions of this Exhibit within the following described geographical area (the “Site Selection Area”): _____

2. Consent to Location and Restaurant Opening. To obtain our consent to the proposed Restaurant premises, you must deliver to us a complete site report (containing information we require) for the location at which you propose to establish and operate the Restaurant and which you reasonably believe will satisfy the standardized site selection criteria we have established. The proposed location is subject to our prior written consent, which will not be unreasonably withheld. In evaluating the proposed location, we may consider matters we deem material, including demographic characteristics of the proposed location, traffic patterns, parking, the predominant character of the neighborhood, the proximity to other businesses, including other Lee’s Famous Recipe Restaurants, and other commercial characteristics, the purchase price or rental obligations and other lease terms for the proposed location, and the size of premises, appearance and other physical characteristics. Within thirty (30) days following our receipt of the complete site report and other materials we request, we will consent to or reject (in writing) the location you propose for the Restaurant.

YOU ACKNOWLEDGE AND AGREE THAT OUR CONSENT TO A PROPOSED LOCATION DOES NOT REPRESENT A WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESSED OR IMPLIED, AS TO THE SUITABILITY OF THE PROPOSED LOCATION FOR A LEE’S FAMOUS RECIPE RESTAURANT.

You agree to complete the development and open the Restaurant for business no later than twelve (12) months following the date of the Franchise Agreement.

3. Termination of Franchise Agreement. We have the right to terminate the Franchise Agreement, effective upon delivery of notice of termination to you, if you fail to obtain our consent to a location for the Restaurant and open the Restaurant within twelve (12) months after the date of the Franchise Agreement.

4. Defined Terms. All capitalized terms contained in this Exhibit and not defined in this Exhibit will have the same meaning as provided in the Franchise Agreement.

WE:

LEE’S FRANCHISOR LLC

By _____
Name: _____
Its _____

YOU:

Name of corporation or limited liability company

By _____
Name: _____
Its _____

EXHIBIT C
TO FRANCHISE AGREEMENT
RESTAURANT LEASE ADDENDUM

LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease Agreement by and between _____ (“Landlord”) and _____ (“Tenant”).

Landlord and Tenant are parties to that certain Lease of even date (the “Lease”) covering the premises located at _____ (the “Leased Premises”), which Tenant will use to operate a Lee’s Famous Recipe Restaurant under a Franchise Agreement (the “Franchise Agreement”) between Tenant and LEE’S FRANCHISOR LLC (“Franchisor”). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Leased Premises only for a Lee’s Famous Recipe Restaurant and Tenant may offer for sale and sell at the Leased Premises only those products and services which Franchisor approves. Landlord further agrees that so long as the Lease is in effect, it will not permit any tenant within the same multi-tenant mall or building to operate any business similar to Lee’s Famous Recipe Restaurant that distributes, sells or otherwise deals in, at wholesale or retail, chicken and biscuits, other items similar to the products or services offered by Tenant, or any other business that may be confusingly similar to a Lee’s Famous Recipe Restaurant, other than businesses in existence in the mall or building as of the effective date of the Lease or upon the written consent of Franchisor and Tenant.

2. Notice of Default. Landlord will provide Franchisor, by certified US mail or a recognized overnight delivery service at the address provided in Section 8 below, a minimum thirty (30) day notice of any default under the Lease before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or Franchisor may cure defaults under the Lease and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either Franchisor or Tenant. Franchisor will not, however, be under any obligation to cure any default and nothing herein will require Franchisor at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor After Cure. If Franchisor commences cure of any default under the Lease within the thirty (30) day notice period described in Section 2 above, and if Franchisor thereafter diligently completes cure, Franchisor may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant’s rights under the Lease to Franchisor at any time during the term of the Lease; provided that such assignment or transfer is subject to Franchisor’s written agreement to accept such assignment or transfer. Landlord will give Franchisor notice of expiration of the term of the Lease at least three (3) months in advance thereof and grant Franchisor the right, but not the obligation, to exercise any then-existing renewal rights under the Lease.

6. Right of Entry and Subordination. Landlord will give Franchisor access to the Leased Premises at reasonable times either to inspect the Leased Premises for compliance with Franchisor’s

requirements, to remove from the Leased Premises any items bearing Franchisor's marks or logos or to take other action permissible under the Agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items.

7. Vacating Premises. Upon vacating the Leased Premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of Franchisor's marks or logos.

8. Notices. Any notices to Franchisor hereunder will be sent to:

Lee's Franchisor LLC
Attention: Franchise Administration
1270 N. Eglin Parkway, Suite C-14
Shalimar, Florida 32579

9. Benefit. Landlord and Tenant acknowledge that they enter into this Addendum for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

10. Supremacy. This Addendum will control and supersede any inconsistent provision of the Lease.

The parties have signed this Addendum the day and year first above written.

LANDLORD:

TENANT:

By _____
Name: _____
Its _____

By _____
Name: _____
Its _____

**EXHIBIT D
TO FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Franchise Agreement of even date (the "Agreement") by Lee's Franchisor LLC ("we" or "us"), as of _____, 20__ (the "Effective Date") each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ ("you") will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and the other Guarantors of you;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if you fail to do so;

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

(7) As of the Effective Date, at least one Guarantor satisfies the Guarantor Net Worth Threshold (defined below) and agrees that, at all times during the term of the Agreement, at least one Guarantor will satisfy the Guarantor Net Worth Threshold. The "Guarantor Net Worth Threshold" means the minimum net worth (i.e., total assets less total liabilities, each as calculated in accordance with U.S. generally accepted accounting principles) that we require at least one Guarantor to satisfy under this Guaranty and the Agreement, as such minimum net worth is periodically modified by us in accordance with the following paragraph. Guarantors agree to provide us on an annual basis financial statements or other documents that we reasonably specify, certified by you or Guarantors in the manner that we specify, demonstrating Guarantors' compliance with such Guarantor Net Worth Threshold requirement. Upon reasonable advance notice, but no more than twice during any calendar year during the Agreement's term, we may examine the applicable Guarantor's business, bookkeeping, accounting and tax records to ascertain Guarantors' compliance with the Guarantor Net Worth Threshold requirement. Guarantors agree to cooperate reasonably with us in connection with all auditing and reporting requirements relating to the Guarantor Net Worth Threshold requirement, whether contained in this Guaranty or the Agreement. Each Guarantor acknowledges that we may terminate the Agreement (subject to the applicable notice and cure

period in the Agreement) upon Guarantors' failure to comply with the Guarantor Net Worth Threshold requirement.

As of the Effective Date, the Guarantor Net Worth Threshold is equal to _____. We may, however, periodically increase the Guarantor Net Worth Threshold by providing you and/or Guarantors at least ninety (90) days' prior written notice, if we determine, in our reasonable judgment, that our risk or exposure with respect to the Agreement and all other franchise and other agreements between us (or our affiliates) and you (or any of you Principal Owners or affiliates) has increased since the Effective Date or the most recent increase in the Guarantor Net Worth Threshold, as applicable. Guarantors will comply with the modified Guarantor Net Worth Threshold, either by demonstrating to our satisfaction that a then-existing Guarantor satisfies the modified Guarantor Net Worth Threshold or by presenting a substitute guarantor who signs our then-current form of guaranty reflecting the modified Guarantor Net Worth Threshold, by the end of that ninety (90)-day period.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN YOU

EXHIBIT E
TO FRANCHISE AGREEMENT
AUTHORIZATION AGREEMENT
FOR PRE-AUTHORIZED PAYMENTS

Lee's Franchisor LLC, and its affiliates, successors and assigns ("FRANCHISOR")

The undersigned Franchisee ("DEPOSITOR") authorizes FRANCHISOR, or any of its affiliates, to initiate electronic debit entries to the Bank Account indicated below at the bank named below ("DEPOSITORY BANK"), and authorizes DEPOSITORY BANK to debit to such account all entries FRANCHISOR initiates.

DEPOSITORY BANK NAME _____

BRANCH LOCATION _____

CITY _____ STATE _____ ZIP CODE _____

BANK ACCOUNT NO. _____

ROUTING NUMBER _____

INDICATE IF CHECKING ACCOUNT _____ OR SAVINGS ACCOUNT _____

DEPOSITOR agrees that this authorization shall be binding and remain in full force and effect until DEPOSITOR has given FRANCHISOR written notice of its revocation in such time and in such manner as to afford FRANCHISOR and DEPOSITORY BANK a reasonable opportunity to act on the notice. FRANCHISOR will provide a copy of this Authorization Agreement to FRANCHISEE and to DEPOSITORY BANK upon request.

DEPOSITOR'S
NAME _____ ID NUMBER _____

DEPOSITOR'S SIGNATURE _____

TITLE OF PERSON SIGNING (if signed in a representative capacity) _____

DATE _____

**EXHIBIT F
TO THE FRANCHISE AGREEMENT**

**FORM CONFIDENTIALITY AGREEMENT
(Managers and Certain Employees)**

In consideration of my being a _____ [Title] _____ of _____ [Franchisee] _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____, 20__ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from Lee’s Franchisor LLC (the “Company”) to establish and operate a Lee’s Famous Recipe Restaurant (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Marks”), as they may be changed, improved, and further developed from time to time in the Company’s sole discretion, only at the authorized and accepted location(s) set forth in the Franchise Agreement.

2. The Company, as the result of the expenditure of time, skill, effort, and resources, has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of the Franchised Business that offers products and services authorized to be offered, sold, or provided under the Marks and the System pursuant to the Franchise Agreement. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, software, procedures, methods of business practices and management, sales and promotional techniques, and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company or Franchisee specifically designates as confidential will also be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ [Title] _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s confidential manual, and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I will hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ [Title] _____ of the Franchisee. I will not to directly or indirectly use or disclose any Confidential Information for the benefit of anyone other than the Franchisee or Company either during my course of employment with the Franchisee or after my employment with the Franchisee ends, regardless of the reason for the separation of employment. I recognize and agree that the Confidential Information constitutes a valuable asset of the Company, and I will act in such a manner as to prevent its disclosure and use by any person unless such use is for the benefit of the Franchisee. I understand that my obligations under this paragraph are unconditional and will not be excused by any conduct on the part of the Franchisee or Company, except prior voluntary public disclosure by the Company of the information.

7. The Company is a third-party beneficiary of this Agreement and may enforce it solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement.

8. This Agreement will be construed under the laws of the state of [State], without regard to the application of its conflict of law rules. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By: _____

Name: _____

Title: _____

**EXHIBIT G
TO THE FRANCHISE AGREEMENT**

AUTHORIZATION TO RELEASE FINANCIAL REPORTS

Pursuant to the franchise agreement dated _____ (the "Franchise Agreement") entered into by and between Lee's Franchisor LLC, a Delaware limited liability company ("Franchisor"), and _____ ("Franchisee"), Franchisee is required to provide Franchisor with certain financial reports and other information throughout the term of the Franchise Agreement, including without limitation, profit and loss statements, cash flow statements, balance sheets, and any other reports or information requested by Franchisor ("Financial Information") in connection with Franchisee's Lee's Famous Recipe franchised business (the "Franchised Business").

Franchisee is also required to use Franchisor's designated accounting firm for at least the first year of operations supplier for its Franchised Business.

By signing below, Franchisee hereby authorizes Franchisor's designated accounting firm, [_____], to share and provide copies of Franchisee's Financial Information, which will include, without limitation, monthly profit and loss statements, cash flow statement, and balance sheets, directly to Franchisor and its affiliates. Franchisee further acknowledges that Franchisor may use such Financial Information in accordance with my Franchise Agreement.

The undersigned represents and warrants that it has the authority to authorize the release of Franchisee's Financial Information by [_____] to Franchisor and its affiliates.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT B
AREA DEVELOPMENT AGREEMENT



**LEE'S FAMOUS RECIPE®
AREA DEVELOPMENT AGREEMENT**

YOU (DEVELOPER)

DATE OF AGREEMENT

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (“Agreement”) is entered into on _____ (the “Effective Date”) by and between: (i) Lee’s Franchisor LLC, a Delaware limited liability company with a business address at 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579 (the “Franchisor”, “we”, or “us”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Developer” or “you”).

INTRODUCTION

A. We and our affiliates have developed and own a distinctive format and system relating to the development and operation of Lee’s Famous Recipe Restaurants featuring chicken, biscuits and other approved food and beverage items, all of which are prepared, stored and served in accordance with our System, which includes the sale of approved products and services using certain distinctive types of décor, products, equipment, supplies, confidential information, business techniques, methods and procedures, sales promotion programs, and the Marks, as we periodically may modify and further improve/

B. The parties agree and acknowledge that we may change, improve, further develop, or otherwise modify the System from time to time as we deem appropriate in our discretion. Developer hereby acknowledges and agrees that: (i) the System and our related materials contain significant proprietary and confidential information that makes the System unique as a whole; and (ii) the combined methods, information, procedures, and theories that make up the total System or are contained in the relevant manuals are proprietary and confidential.

C. The System and Lee’s Famous Recipe Restaurants are identified by the “Lee’s Famous Recipe®,” “Famous Recipe®,” and “Lee’s: Famous for Chicken®” service marks, and other related trademarks and service marks as we periodically may modify (the “Marks”) used in operating the System. The parties agree and acknowledge that we have established substantial goodwill and business value in its Marks, expertise, and System.

D. We grant qualified third parties the right to develop a certain number of Lee’s Famous Recipe Restaurants within a Development Area in accordance with the terms of this Agreement to which Developer must strictly adhere, with each Lee’s Famous Recipe Restaurant within the Development Area being opened and operating utilizing the Marks and System pursuant to the terms and conditions set forth in our separate and then-current form of franchise agreement (each, a “Franchise Agreement”).

E. You recognize the benefits from receiving the right to operate a Lee’s Famous Recipe Restaurant utilizing the System and desire to: (i) become a multi-unit operator subject to the terms of this Agreement; and (ii) receive the benefits provided by us under this Agreement.

F. You have applied for the right to open and operate a certain number of Lee’s Famous Recipe Restaurants within the Development Area as set forth in this Agreement (each, a Restaurant), and we have approved such application in reliance on Developer’s representations made therein.

G. You hereby acknowledge that adherence to the terms of this Agreement, including our Operations Manual and other System standards and specifications, are essential to the operation of all Lee’s Famous Recipe Restaurants and the System as a whole. You further acknowledge that time is of the essence in all actions required under this Agreement.

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

AGREEMENT

1. DEFINITIONS

A. “Confidential Information” means the methods, techniques, formats, marketing and promotional techniques and procedures, specifications, information, recipes, Operations Manual (as defined in Section 7(E)), systems, and knowledge of and experience in the operation and franchising of Lee’s Famous Recipe Restaurants that we communicate to you or that you otherwise acquire in operating the Restaurant under the System. Any and all information, knowledge and know-how not publicly known about the Lee’s Famous Recipe System and the Products, and the services, standards, procedures, techniques and such other information or material as we may designate as Confidential Information will be deemed confidential for purposes of this Agreement. Confidential Information does not include information, processes or techniques that are generally known to the public, other than through disclosure (whether deliberate or inadvertent) by you.

B. “Competing Business” means any business similar to a Lee’s Famous Recipe Restaurant, including any restaurant that offers chicken and biscuits, other items similar to the Products, or any other business that may be confusingly similar to a Lee’s Famous Recipe Restaurant.

C. “Development Area” means the geographic area, identified in Exhibit A to this Agreement, where we grant you the right to develop a certain number of Lee’s Famous Recipe Restaurants.

D. “Development Fee” has the meaning given to it in Section 3(A) of this Agreement.

E. “Development Period” means the development period set forth in Exhibit B to this Agreement

F. “Development Schedule” means the mandatory development schedule set forth in Exhibit B to this Agreement.

G. “Designated Territory” means the geographic area identified in each respective Franchise Agreement, which is an area surrounding the location of a Restaurant that we determine.

H. “Franchise Agreement” has the meaning given to it in the Introduction to this Agreement.

I. “Gross Sales” means the aggregate amount of sales of all food and beverages, and other goods and services; the sale of any products or services associated with the use of the Marks, including sales from vending machines, deliveries, and catering sales, whether for cash, on credit or otherwise, made or provided at or in connection with the Restaurant, including off-premises sales and monies derived at or away from the Restaurant; insurance proceeds for lost sales covered by business interruption insurance; and agreements to pay or other consideration, whether or not payment is received at the time of sale or any such amounts prove uncollectible. The term “Gross Sales” does not include: (1) any federal, state, municipal or other sales, value added, or retailer’s excise taxes paid or accrued by you; and (2) adjustments for net returns on salable goods and discounts allowed to customers on sales; or (3) discounts for meals for Restaurant employees. Gross Sales will not be adjusted for uncollected accounts. For purposes of the Royalty Fee described in Section 4(B) below, the sale is made at the earlier of delivery of the product or service, or receipt of payment. We reserve the right to modify our policies and practices regarding revenue recognition,

revenue reporting, and the inclusion or exclusion of certain revenue from “Gross Sales” as circumstances, business practices, and technology change.

J. “Guarantor(s)” has the meaning given to it in Section 14(C) of this Agreement.

K. “Guarantor Net Worth Threshold” will have the meaning provided to it in the Guaranty (Exhibit B to this Agreement).

L. “Guaranty Agreement” means the Guaranty and Assumption Agreement in the form attached to this Agreement as Exhibit B.

M. “Initial Franchise Fee” has the meaning given to it in Section 3(B) of this Agreement.

N. “Lee’s Famous Recipe Restaurant” means a restaurant that operates under the Marks and the System featuring chicken, biscuits and other complementary items, beverages, and related food and beverage products.

O. “Marks” means the “Lee’s Famous Recipe®,” “Famous Recipe®,” and “Lee’s: Famous for Chicken®” service marks, the related design logo, and other trademarks, service marks, domain names, logos, slogans, and commercial symbols that we have designated, or may in the future designate, for use in the System.

P. “Non-Traditional Venues” means any regional, enclosed or similarly situated shopping centers or malls, airports or other transportation terminals, travel stations, toll roads, train stations, ships, ports, piers, sports facilities, stadiums, college and university campuses, schools, institutional settings, corporate campuses, a department within an existing retail store, big box retailers, hotels and motels, grocery stores, office or in-plant food service facilities, supermarkets and convenience stores, warehouse club stores, amusement parks, and all properties controlled by the amusement park, casinos, theatres, building supply stores, hospitals, military and other governmental facilities, and any site for which the lessor, owner or operator will have indicated its intent to prefer or limit the operation of its food service facilities to a master concessionaire or contract food service provider or other similar types of locations that have a restricted trade area.

Q. “Operations Manual” means the confidential operations manual, along with handbooks, manuals and written materials for Lee’s Famous Recipe Restaurants. The Operations Manual will contain mandatory, specifications, recipes and procedures that we develop for Lee’s Famous Recipe System and information relating to your other obligations, all of which are confidential, proprietary, and our exclusive property.

R. “Principal Owner” means any person or entity who directly or indirectly owns a five percent (5%) or greater interest in you. If any corporation or other entity other than a partnership is a Principal Owner, a “Principal Owner” also will mean a shareholder or owner of a five percent (5%) or greater interest in such corporation or other entity. If a partnership is a Principal Owner, a “Principal Owner” also will mean each general partner of such partnership and, if such general partner is an entity, each owner of a five percent (5%) or greater interest in such general partner.

S. “Restaurant” means the Lee’s Famous Recipe Restaurants developed and operated under this Agreement.

T. “System” means our system relating to the franchising of Lee’s Famous Recipe Restaurants that sell chicken and other approved food, beverage and other products sold, which System includes site

evaluation assistance, equipment selection and layouts, merchandising, advertising, sales and promotional techniques, operations training, and other matters relating to the operation and promotion of such restaurants, all of which are designed to enhance the reputation and goodwill with the public of establishments operated in accordance with the System.

2. DEVELOPMENT AREA; DEVELOPMENT SCHEDULE; AND RESERVATION OF RIGHTS.

A. Subject to the terms and conditions set forth herein, we grant you the right, and Developer undertakes the obligation, to develop and establish the number of Restaurants set forth in the Development Area, provided you open and commence operations of such Restaurants in strict accordance with the Development Schedule.

B. You also understand and agree that the Development Area does not include, and we reserve all franchise and development rights respecting any Non-Traditional Venues located within the geographic boundaries of the Development Area.

C. If you are in compliance with your obligations under this Agreement and all of the Franchise Agreements between you (including any affiliate of yours) and us, then we shall not establish, nor license anyone other than you to establish, a Restaurant in the Development Area until the earlier of (i) the termination or expiration of this Agreement, (ii) the opening of the last required Restaurant under the Development Schedule, or (iii) the last date specified in the Development Schedule, except as otherwise provided under Sections 1(D) below.

D. Notwithstanding Section 1(C) of this Agreement, we (for ourselves and our affiliates) retain the right to:

1. Directly operate, or to grant other persons the right to operate, Lee's Famous Recipe Restaurants at locations outside the Development Area;

2. Directly operate, or to grant other persons the right to operate, Lee's Famous Recipe Restaurants at Non-Traditional Venues within and outside the Development Area;

3. Promote, sell and distribute anywhere, including through restaurants and other establishments, products and services authorized for sale at Lee's Famous Recipe Restaurants under trademarks and service marks other than the Marks through similar or dissimilar channels of distribution;

4. Promote, sell, distribute and license products and services authorized for sale at Lee's Famous Recipe Restaurants as well as ancillary products and services such as its sauces and other food products, beverages, clothing, glassware and memorabilia under the Marks through dissimilar channels of distribution (*i.e.*, other than the operation of full-service Lee's Famous Recipe Restaurants), including direct mail, wholesale activities, grocery stores, convenience stores, retail stores, and by electronic means such as the Internet, and other permanent, temporary, or seasonal food service facilities, carts, kiosks, or other mobile food vehicles, such as food trucks, and pursuant to conditions we deem appropriate within and outside the Development Area;

5. Acquire businesses that are the same as or similar to the Restaurant or other Lee's Famous Recipe Restaurants and operate such businesses regardless of whether such businesses are located within or outside the Development Area, and to be acquired by any third party which operates businesses that are the same as or similar to the Restaurant or other Lee's Famous Recipe

Restaurants regardless of whether such businesses are located within or outside the Development Area; and

6. Promote the System and the Restaurants generally, including on the Internet (or any other existing or future form of electronic commerce) and to create, operate, maintain and modify, or discontinue the use of websites using the Marks; and

7. All other rights not explicitly granted to you under this Agreement.

3. DEVELOPMENT FEE; INITIAL FRANCHISE FEES.

A. You shall pay us a nonrefundable development fee contemporaneously with the execution of the Area Development Agreement. The development fee is equal to the sum of fifty percent (50%) of the initial franchise fees due under the franchise agreements for each additional Restaurant (beyond your first Restaurant) that you agree to develop under the Development Schedule (the "Development Fee") as set forth in Exhibit B. With respect to each Lee's Famous Recipe Restaurant that you must develop under this Agreement, we will apply a portion of the Development Fee toward the Initial Franchise Fee owed under the applicable franchise agreement, as described in Section 3(B) below. The Development Fee is fully earned when paid. You shall not be entitled to any refund of any portion of the Development Fee under any circumstances, including your failure to open Restaurants in the Development Area according to the Development Schedule.

B. You shall also pay us the initial franchise fee set forth in our then-current form of Franchise Agreement (the "Initial Franchise Fee") for each Restaurant to be developed under the Development Schedule, payable upon execution of the Franchise Agreement for each Restaurant in accordance with the Development Schedule. Except for the Initial Franchise Fee that is due under your initial Franchise Agreement that you are signing contemporaneously with the execution of this Agreement, you shall receive a credit of \$17,500 against the payment of the Initial Franchise Fee due for the second and each subsequent Restaurant developed according to the Development Schedule.

4. INITIAL FRANCHISE AGREEMENT.

Contemporaneous with the execution of this Agreement, you must enter into our then-current form of Franchise Agreement for the first Restaurant that you are required to open within the Development Area, and pay the Initial Franchise Fee due thereunder. In the event you are a business entity of any kind, then your Principal Owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Section 5 of this Agreement.

5. ADDITIONAL FRANCHISE AGREEMENTS.

You agree and acknowledge that you must enter into our then-current form of Franchise Agreement for each subsequent Restaurant that you are required to open under this Agreement. During each of the Development Periods defined in the Development Schedule, you are required to enter into our then-current form of Franchise Agreement by no later than the earlier of: (i) fourteen (14) days of when we accept a proposed site for a Restaurant, or (ii) one hundred and eighty (180) days before the expiration of the applicable Development Period. Failure to timely execute a Franchise Agreement during any Development Period constitutes a breach of the Development Schedule.

6. DEVELOPMENT OBLIGATIONS.

A. You must ensure that, at a minimum, you: (i) execute our then-current form of Franchise Agreement during each Development Period pursuant to and in accordance with Section 5 of this Agreement, and at such time to allow you to stay in compliance with the Development Schedule; (ii) open and commence operations of the number of new Restaurants during each Development Period; and (iii) have the minimum cumulative number of Restaurants, as set forth in the Development Schedule, open and operating at the expiration of each such Development Period. The parties agree and acknowledge that time is of the essence with respect to the foregoing development obligations, and that your failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement (and any future development rights granted hereunder) if not timely cured as set forth in Section 6(B) of this Agreement. Additionally, if you fail to comply with the Development Schedule, or otherwise materially default under this Agreement, then we may (in addition to our other remedies available to us under this Agreement, the Franchise Agreement(s), and applicable law) terminate or modify your territorial rights in or to the Development Area, reduce or modify the size of the Development Area, or reduce the number of Restaurants that you are granted the right to develop under this Agreement.

B. For each Restaurant to be developed hereunder, you will submit to us such site approval forms and data that we may specify, which may include a copy of the site plan, financial information, and such other information or materials as we may reasonably require, together with an option contract, letter of intent, term sheet, or other evidence satisfactory to us which describes your favorable prospects for obtaining such site, pursuant to and in accordance with the terms of the applicable Franchise Agreement. You hereby acknowledge and agree that our consent of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Restaurant or for any other purpose. Our consent of the site indicates only that we believe the site complies with acceptable minimum criteria established by us solely for its purposes as of the time of the evaluation. Both you and we acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by us of a site, certain demographic factors, such as competition from other similar businesses, included in or excluded from criteria used by us could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control. We will not be responsible for the failure of a site that we approved to meet your expectations as to revenue or operational criteria. You further acknowledge and agree that your acceptance of a franchise for the operation of a Restaurant at a site is based on your own independent investigation of the suitability of the site.

C. If you desire to execute a Franchise Agreement to operate a Lee's Famous Recipe Restaurant under the terms of this Agreement using a different entity, and that entity's direct and indirect ownership is not identical to your ownership, then you must seek our approval for that entity to sign the Franchise Agreement and develop and operate the proposed Restaurant. We may refuse any such request if you or your Principal Owners do not (1) own and control at least two-thirds of the new entity's ownership interests and (2) have the authority to exercise voting and management control of the Restaurant proposed to be owned by the new entity. For the avoidance of doubt, if the direct and indirect ownership interests in the new entity is completely identical to your ownership, then that new entity need not seek our approval under this Section 6(C).

7. MANAGEMENT AND SUPERVISION OF RESTAURANTS

Prior to the opening date of the first Restaurant developed hereunder, you must hire and train a managing director (the "Managing Director") who will be subject to our approval, which approval will be given in our reasonable discretion. The Managing Director must devote his or her full time and efforts to

the management and/or supervision of Restaurants within the Development Area. You agree to comply with all standards issued by us relating to staffing levels for the Restaurants, including the presence of managers (as specified in the Operations Manual), provided we will not be deemed to have any control or authority over your labor relations, including employee selection, training, promotion, termination, discipline, hours worked, rates of pay, benefits, work assigned, working conditions, or adjustment of grievances and complaints, or any other control over your employment practices.

8. TERM AND TERMINATION.

A. This Agreement will commence as of the date it is fully executed and, unless earlier terminated by us, will expire on the earlier of: (i) the expiration date of the last Development Period that the final Restaurant is required to be opened and operating under the Development Schedule; or (ii) the date you actually open the last Restaurant that you are granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, you must immediately cease to develop new Restaurants in the Development Area and we will be entitled to grant others the right to establish and operate Lee's Famous Recipe Restaurants in the Development Area. You acknowledge and agree that, upon such expiration or termination, you will not have any territorial rights other than those that might be granted in connection with a "Designated Territory" associated with a Restaurant that you have opened and commenced operating as of the date this Agreement is terminated or expires (if and as such rights are granted by us under the respective Franchise Agreement(s) that you entered into for such Restaurant(s)).

B. We will have the right, at our option, to terminate this Agreement and all rights granted to you hereunder, without affording you any opportunity to cure such default, effective upon written notice to you, upon the occurrence of any of the following events: (i) if you cease to actively engage in development activities in the Development Area or otherwise abandon your development business for three (3) consecutive months, or any shorter period that indicates an objective intent by you to discontinue development of the Restaurants within the Development Area; (ii) if you become insolvent or are adjudicated bankrupt, or if you take any action, or if any action is taken by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed for you; (iii) if you purport to sell, transfer or otherwise dispose of your franchise entity or any interest in this Agreement, your business, or you are in violation of Section 6 hereof; (iv) if you fail to meet your development obligations under the Development Schedule for any single Development Period, and fail to cure such default within thirty (30) days of receiving notice thereof; (v) you or any Principal Owners violate the non-compete provisions set forth in Section 13 of this Agreement; (vi) if any Franchise Agreement that is entered into in order to fulfill your development obligations under this Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement; or (vii) you are in breach of any other term of this Agreement, and fail to cure such breach within thirty (30) days of receiving notice thereof.

9. ALTERNATIVE REMEDIES.

Without waiving our option to terminate this Agreement under Section 8, if you fail to meet the Development Schedule, we may, in our sole discretion, do any one or more of the following in lieu of termination, effective immediately on the delivery of notice to you:

- a) Reduce the number of Restaurants that are set forth under the Development Schedule;
- b) Withhold evaluation or approval of site proposal packages for new Restaurants;
- c) Shorten or extend the Development Schedule;

- d) Without removing your obligation to maintain the Development Schedule, terminate any exclusivity rights to the Development Area that you have under this Agreement; and/or
- e) Accelerate payment of the balance (as applicable) of the remaining Initial Franchise Fees owed to us.

10. SALE OR ASSIGNMENT.

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement. You acknowledge and agree that, following the effective date of any such assignment, you will look solely to the transferee or assignee, and not to us, for the performance of all obligations under this Agreement. Separately, we may assign or delegate to an affiliate or other third party certain of our obligations under this Agreement without assigning our interest in this Agreement. In such instance, we will remain the party ultimately responsible for the performance of such obligation(s).

B. No Assignment by You. This Agreement and the development rights contained in this Agreement are personal to you (and, if applicable, your Principal Owners) and may not be voluntarily, involuntarily, directly or indirectly, assigned or otherwise transferred or encumbered by you or your Principal owners without our prior written consent, provided that any transfer or assignment of this Agreement may only be made in connection with the transfer of all Restaurants owned and operated by you and, if applicable, your affiliated entities. For purposes of this Section, a sale, assignment, or transfer of any direct or indirect ownership interest in you shall be deemed an assignment or transfer of this Agreement. Notwithstanding the foregoing, the Principal Owners as of the Effective Date may transfer all or part of their ownership interests in you among themselves without obtaining our prior written consent, provided that you provide us, within thirty (30) days after such transfer, written notice of the transfer and updated ownership information. You acknowledge and agree that no such transfer among Principal Owners will release any Principal Owners from his/her obligations under the Guaranty.

11. CONDITIONS TO FUTURE DEVELOPMENT.

You recognize and acknowledge that this Agreement requires you to open Lee's Famous Recipe Restaurants in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Lee's Famous Recipe Restaurants likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You must execute all the Franchise Agreements and open all of the Lee's Famous Recipe Restaurants in accordance with the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) your financial condition or the performance of prior Lee's Famous Recipe Restaurants, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every required condition to obtain such Franchise Agreements including, but not limited to, your satisfaction of our then-current requirements for franchisees. We have entered into this Agreement based, in part, on your current financial condition and our assessment of your ability to meet Franchisor's financial requirements. You further acknowledge that operating Lee's Famous Recipe Restaurants and meeting our re-equipment, remodeling and other obligations will require significant capital. You and your affiliates must at all times maintain reasonably adequate financial resources, taking into account current resources, reasonably projected future cash flows, and reasonable assumptions related to financing, to meet our required capital and operational expenses under this Agreement and the Franchise Agreements. You must promptly provide such financial information related to you and your affiliates as required by the Franchise

Agreements and as we may reasonably request, including, but not limited to, financial statements, debt agreements (and an accounting of your compliance with such agreements), and historical and projected cash flows and expenses.

12. NO RIGHT TO USE THE MARKS.

You acknowledge that this Agreement is not a Franchise Agreement and does not confer upon you any rights to use our Marks or System.

13. COVENANTS.

You acknowledge that, as a participant in the System, you will receive Confidential Information and materials, trade secrets, and the unique methods, procedures and techniques that we have developed. As such, you agree to the covenants in this Section to protect us, the System, the Marks and our franchisees.

A. In-Term Covenant Not to Compete. You and each Principal Owner will not, during the term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or directly competing business: (i) divert or attempt to divert any business or customers of the Restaurant(s) to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; or (ii) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business (including any e-commerce or Internet-based business), except: (1) with our prior written consent; (2) if you own securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities; or (3) under a separate agreement between you and us.

B. Post-Term Covenant Not to Compete. You and each Principal Owner will not, for a period of two (2) years after this Agreement expires or is terminated, directly or as an employee, agent, consultant, partner, officer, director or shareholder of any other person, firm, entity, partnership or corporation: (1) divert or attempt to divert any business or customers of the Restaurant(s) to any Competing Business or perform any act that would damage the goodwill associated with the Marks or the System; (2) own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any Competing Business that is located (i) in the Development Area, (ii) within a five (5) mile radius of the Development Area, or (iii) within a five (5) mile radius of any other then-existing Lee's Famous Recipe Restaurant; provided, however, that this Section 12(B) will not apply to: (i) other Lee's Famous Recipe Restaurants that you operate under any effective Lee's Famous Recipe franchise agreements; or (ii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

C. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition to the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section. The covenants stated in this Section will survive the termination or expiration of this Agreement.

14. RECORDS

A. Governing Documents. If you are an entity, upon our request, you agree to provide us with copies of your governing documents and any other entity documents, books, or records, including certificates of good standing from the state of your formation.

B. Ownership Interest. If you are an entity, you agree and represent that Exhibit D to this Agreement completely and accurately describes all Owners and their ownership interest in you and your officers and principal executives.

C. Guaranty. All of your Principal Owners will sign the Guaranty Agreement. We may also require the spouse of any Principal Owner to sign the Guaranty Agreement (together with the Principal Owners, the “Guarantors”). We reserve the right to require any Guarantor to provide personal financial statements to us on an annual basis. You represent and warrant to us that, as of the Effective Date (or, if you are not then an entity, as of Guarantors’ execution of the Guaranty), at least one Guarantor satisfies the Guarantor Net Worth Threshold. You further represent and agree that at least one Guarantor will continue to satisfy the Guarantor Net Worth Threshold at all times during the term, and you agree to, and must cause your Guarantors to, cooperate reasonably with us in connection with all auditing and reporting requirements relating to the Guarantor Net Worth Threshold requirement, whether contained in this Agreement or the Guaranty. If, at any point during the Term, no Guarantors satisfy the Guarantor Net Worth Threshold, then, in addition to any right we have under Sections 8 or 9, we may also elect to take any of the following actions: (1) require that additional individuals or entities guarantee your performance under this Agreement; or (2) require that you obtain a letter of credit in association with this Agreement, with terms and conditions satisfactory to us.

15. NOTICES.

A. Any and all notices, demands or communications required to be given by us to you must be either (1) by email to the email address below, or to such other email address as you may hereafter provide to us in writing, or (2) in writing and sent by first class, certified or registered mail, or delivered by a recognized overnight courier service (e.g., UPS or Federal Express), receipt acknowledged, to you at the address below, or to such other address as you may hereafter provide to us in writing. Any notice, demand or communication will be deemed to be given three (3) days after mailing, or on the date of receipt, whichever is earlier.

B. Any and all notices, demands or communications required to be given by you to us hereunder must be either (1) by email to the email address below, or to such other email address as we may hereafter provide to you in writing, or (2) in writing and sent by first class, certified or registered mail, or delivered by a recognized overnight courier service (e.g., UPS or Federal Express), receipt acknowledged, to us at the address set forth below, or to such other addresses as we may hereafter provide to you in writing:

To Us:

Lee’s Franchisor LLC
Attention: Franchise Administration
1270 N. Eglin Parkway, Suite C-14
Shalimar, Florida 32579
Email: franchising@famousforchicken.com

With a copy to:
Lathrop GPM
Attention: Eli Besignor
3100 IDS Center
80 S. 80th Street
Minneapolis, MN 55402
Email: eli.besignor@lathropgpm.com

To You:

Email:

16. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

A. **Relationship of the Parties.** We and you are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither party will independently obligate the other to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Restaurant and in all dealings with customers, lessors, contractors, suppliers, public officials and others as the owner of the Restaurant under a franchise agreement from us and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require.

B. **Your Indemnification Obligations; Notification of Claims and Infringement; Litigation.**

1. **Your Indemnification Obligations.** You agree to indemnify and hold us and our subsidiaries, affiliates, stockholders, members, directors, officers, employees and agents harmless against, and to reimburse us or them for, any loss, liability or damages arising out of or relating to this Agreement, the relationship between the parties or your breach of this Agreement, and all reasonable costs of defending any claim brought against us or any of them or any action in which us or any of them is named as a party (including claims raised by you), including reasonable arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration or alternative dispute resolution, unless the loss, liability, damage or cost is solely due to our breach of this Agreement, gross negligence or willful misconduct. You must pay all losses, liability or damages we incur pursuant to your obligations of indemnity under this Section 16(B) regardless of any settlement, actions or defense we undertake or the subsequent success or failure of any settlement, actions or defense. Further, you agree to give us immediate notice of any such action, proceeding, demand or investigation brought against you, or your operation of the business conducted under this Agreement. We may, at our option, designate counsel, at your expense, to defend or settle such action, proceeding, demand or investigation brought against you or any Restaurant(s). This obligation does not diminish your indemnification obligations under this Section 16(B).

2. **Notification of Claims and Infringement.** Even though this Agreement does not grant you any license or right to use any of our Marks, you must notify us immediately in writing of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any person other than us, our affiliates and our respective legal counsel regarding any infringement, challenge or claim. We or our affiliates may take any action we or our affiliates deem appropriate and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You will sign all documents, provide assistance and take all action as we or our affiliates may reasonably request to protect and maintain our and our affiliates' interests in any litigation or other proceeding or to otherwise protect and maintain our and our affiliates' interests in the Marks.

3. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will immediately notify us of any claims or complaints made against you respecting the Marks and you will, at your sole expense, cooperate in all respects with us and our affiliates in any court or other proceedings involving the Marks. Subject to our right of indemnification (as described in this Section 16), we will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our affiliates and our respective legal counsel will have the right to control and conduct any litigation relating to the Marks.

C. Our Indemnification Obligations. We agree to indemnify and hold you and your officers, directors and agents harmless against, and to reimburse you and them for, any loss, liability or damage solely arising from or relating to our breach of this Agreement, gross negligence or willful misconduct, and all reasonable costs of defending any claim brought against you or them or any action in which you or they are named as a party (including reasonable attorneys' fees).

D. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

17. DISPUTE RESOLUTION

A. Injunctive Relief. You acknowledge and agree that irreparable harm could be caused to us by your violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, we will be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) your use of the Marks and our Confidential Information; (ii) your covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement or any Franchise Agreement with us; (iii) your obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of our rights with respect to confidentiality under this Agreement; and (vi) prohibiting any act or omission by you or your employees that constitutes a violation of applicable law, threatens our franchise system or threatens other franchisees of ours. Your only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and you waive all damage claims if the injunction is wrongfully issued.

B. Governing Law. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration Act, this Agreement will be governed by and construed under the procedural and substantive laws of the state of Delaware without regard to any conflict of laws principles of such state. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through any state franchise or business opportunity laws, other than those of the state in which the Restaurant is located.

C. Attorneys' Fees. The non-prevailing party will pay all costs and expenses, including reasonable attorneys' fees, the prevailing party incurs in any action brought to enforce any provision of this Agreement or to enjoin any violation of this Agreement.

D. Claims. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION 17(D), ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN US AND YOU, OR YOUR OPERATION OF THE RESTAURANT, INCLUDING ANY PROCEEDING, OR ANY CLAIM IN ANY PROCEEDING (INCLUDING ANY DEFENSES AND ANY

CLAIMS OF SET-OFF OR RECOUPMENT), MUST BE BROUGHT OR ASSERTED BEFORE THE EXPIRATION OF THE EARLIER OF (i) THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS; (ii) ONE (1) YEAR AFTER THE DATE UPON WHICH A PARTY DISCOVERED, OR SHOULD HAVE DISCOVERED, THE FACTS GIVING RISE TO AN ALLEGED CLAIM; OR (iii) TWO (2) YEARS AFTER THE FIRST ACT OR OMISSION GIVING RISE TO AN ALLEGED CLAIM; OR IT IS EXPRESSLY ACKNOWLEDGED AND AGREED BY ALL PARTIES THAT SUCH CLAIMS SHALL BE IRREVOCABLY BARRED. CLAIMS THAT WE MAY BRING ATTRIBUTABLE TO YOUR UNDERREPORTING OF SALES, CLAIMS UNDER THE PROVISIONS OF THIS AGREEMENT PERTAINING TO FAILURE TO PAY MONIES OWED AND/OR INDEMNIFICATION SHALL BE SUBJECT ONLY TO THE APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS. "CLAIM" IN THIS SECTION 17(D) MEANS ANY ALLEGATION, CHALLENGE, DEMAND, CAUSE OF ACTION, LAWSUIT, ARBITRATION, DISPUTE, CONTROVERSY, INVESTIGATION OR ADMINISTRATIVE PROCEEDING.

E. Venue. Any claims, controversies or disputes arising out of or related to this Agreement will be brought exclusively in the state or federal judicial district courts in which our principal business office is located. We also have the right to file any such suit against you in the federal or state court of Florida. The parties irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. The provisions of this Section 17(G) will survive the termination of this Agreement.

18. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable, and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure prescribed by us are invalid or unenforceable, the prior notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Nonwaiver. Our failure to insist upon strict compliance with any provision of this Agreement will not be a waiver of our right to do so, any law, custom, usage or rule to the contrary notwithstanding. Any delay or omission by us respecting any breach or default will not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement will be cumulative. Our election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.

C. Rights of Parties are Cumulative. The rights of you and us are cumulative and no exercise or enforcement by either party of any right or remedy precludes the exercise or enforcement by such party of any other right or remedy to which such party is entitled by law or equity to enforce.

D. Binding Effect. This Agreement is binding upon the parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

E. References. If you consist of two or more individuals, such individuals will be jointly and severally liable, and references to you in this Agreement will include all such individuals.

F. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement and the relationship between the parties:

1. Our Rights. Whenever this Agreement provides that we have or reserve (retain) a certain right, that right is absolute, and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us 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 to promote or benefit the System generally even if the decision or action also promotes a financial or other individual interest of ours. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

G. **WAIVER OF PUNITIVE DAMAGES. YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN US, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY US.**

H. **WAIVER OF JURY TRIAL. YOU AND WE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

I. **CLASS ACTION BAR. THE PARTIES AGREE THAT CLAIMS OF ANY OTHER PARTY OR PARTIES WILL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN US AND YOU.**

J. No Right to Offset. You may not withhold all or any part of any payment to us or any of our affiliates on the grounds of our alleged nonperformance or the nonperformance or any of our affiliates or as an offset against any amount we or any of our affiliates may owe or allegedly owe you under this Agreement or any related agreements.

K. Entire Agreement. The "Introduction" section, the exhibit(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in the Agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

L. Personal Information Privacy. We have the right, and you consent, to us using and disclosing all personal information collected from you and your principals for any purpose connected with the System, and this Agreement and its enforcement, including providing or listing contact information for you and your principals and management employees for System communications purposes, including with landlords and other suppliers of goods or services, or prospective franchisees; posting on franchise system websites listing franchisees; in or in connection with our disclosure documents and, where applicable, prospectuses, statements of material facts and other securities filings and documents; and making reports or information received from you pertaining to the franchise, or portions thereof or extracts therefrom, available for inspection by prospective franchisees, to substantiate information contained in our disclosure documents for prospective franchisees regarding the subject matter of such reports or information, as the same pertain to the Franchise or System in general. We may also share such personal information where needed with our professional advisors, lenders or affiliates or under agreements with third parties relating to the Franchise or System. We may give access to or transfer our files containing such personal information to a prospective purchaser or purchaser of the franchise system. You are responsible to obtain any required consents from your principals and management employees as may be necessary you it to comply with these provisions.

19. ACKNOWLEDGMENTS.

A. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or the Principal Owner's) ability as an independent businessman, and your active participation in the daily affairs of the Restaurant as well as other factors. We do not make any representation or warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations and not upon any representation as to gross revenues, volume, potential earnings or profits which you might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce you to accept this franchise and sign this Agreement.

C. Receipt of Documents. Except for filling in the blank provisions and changes made as a result of negotiations that you initiated, you acknowledge that you received a copy of the complete Franchise Agreement, and exhibits attached hereto, at least seven (7) calendar days before the date on which this Agreement was executed. You further acknowledge that you received the disclosure document required by the trade regulation rule of the Federal Trade Commission entitled "Franchise Disclosure Document" at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You further represent that you understand the provisions of this Agreement and agree to be bound by such provisions.

D. Other Franchises. You acknowledge that other Lee's Famous Recipe Restaurants have or will be granted franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR:

DEVELOPER:

LEE'S FRANCHISOR LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT A to DEVELOPMENT AGREEMENT

DEVELOPMENT AREA

The Development Area will be:

(as depicted on the attached map) provided that the location of any Lee’s Famous Recipe Restaurant in operation or under lease, construction, or other commitment to open in the Development Area as of the Effective Date, and, with respect to any such franchised Lee’s Famous Recipe Restaurant, any protected area then granted by us under the applicable Lee’s Famous Recipe franchise agreement, all or part of which is in the Development Area, are expressly excluded from the Development Area. Any political boundaries included in the description of the Development Area will be considered fixed as of the Effective Date and will not change notwithstanding a political reorganization or a change in those boundaries. Unless otherwise specified, all street boundaries will be deemed to end at the street center line unless otherwise specified.

[Insert Map of Development Area]

EXHIBIT B to DEVELOPMENT AGREEMENT

DEVELOPMENT INFORMATION

1. **Total Number of Restaurants to be Developed in Development Area:** _____

2. **Development Area.** The Development Area, as referred to in Section 2 of the Development Agreement, is described below (or an attached map) by geographic boundaries and will consist of the following area or areas:

3. **Development Fee:** Developer shall pay a Development Fee referred to in Section 3 of the Development Agreement equal to \$_____.

4. **Development Schedule.** The Development Schedule referred to in Section 6 of the Development Agreement is as follows:

Development Period	Property Control Date (Lease or Purchase Agreement Executed)	# of New Restaurants to be Opened Within Development Period	Cumulative # of Restaurants that Must Be Open and Operating at End of Development Period	Deadline to Sign Franchise Agreement for each Development Period	Expiration of Development Period
1					
2					
3					

APPROVED AND ACCEPTED BY:

FRANCHISOR:

DEVELOPER:

LEE'S FRANCHISOR LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT C to DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Area Development Agreement of even date (the "Agreement") by Lee's Franchisor LLC ("we" or "us"), as of _____, 20__ (the "Effective Date") each of the undersigned (a "Guarantor") personally and unconditionally guarantees to us, and our successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement that _____ ("you") will timely pay and perform each and every undertaking, agreement and covenant stated in the Agreement; and agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any party respecting the indebtedness; (4) any right he may have to require that an action be brought against you or any other person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor's liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and the other Guarantors of you;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if you fail to do so;

(3) Guarantor's liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of you or any assignee or successor;

(4) Guarantor's liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys' fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

(7) As of the Effective Date, at least one Guarantor satisfies the Guarantor Net Worth Threshold (defined below) and agrees that, at all times during the term of the Agreement, at least one Guarantor will satisfy the Guarantor Net Worth Threshold. The "Guarantor Net Worth Threshold" means the minimum net worth (i.e., total assets less total liabilities, each as calculated in accordance with U.S. generally accepted accounting principles) that we require at least one Guarantor to satisfy under this Guaranty and the Agreement, as such minimum net worth is periodically modified by us in accordance with the following paragraph. Guarantors agree to provide us on an annual basis financial statements or other documents that we reasonably specify, certified by you or Guarantors in the manner that we specify, demonstrating Guarantors' compliance with such Guarantor Net Worth Threshold requirement. Upon reasonable advance notice, but no more than twice during any calendar year during the Agreement's term, we may examine the applicable Guarantor's business, bookkeeping, accounting and tax records to ascertain Guarantors' compliance with the Guarantor Net Worth Threshold requirement. Guarantors agree to cooperate reasonably with us in connection with all auditing and reporting requirements relating to the Guarantor Net Worth Threshold requirement, whether contained in this Guaranty or the Agreement. Each Guarantor acknowledges that we may terminate the

Agreement (subject to the applicable notice and cure period in the Agreement) upon Guarantors' failure to comply with the Guarantor Net Worth Threshold requirement.

As of the Effective Date, the Guarantor Net Worth Threshold is equal to _____. We may, however, periodically increase the Guarantor Net Worth Threshold by providing you and/or Guarantors at least ninety (90) days' prior written notice, if we determine, in our reasonable judgment, that our risk or exposure with respect to the Agreement and all other franchise and other agreements between us (or our affiliates) and you (or any of you Principal Owners or affiliates) has increased since the Effective Date or the most recent increase in the Guarantor Net Worth Threshold, as applicable. Guarantors will comply with the modified Guarantor Net Worth Threshold, either by demonstrating to our satisfaction that a then-existing Guarantor satisfies the modified Guarantor Net Worth Threshold or by presenting a substitute guarantor who signs our then-current form of guaranty reflecting the modified Guarantor Net Worth Threshold, by the end of that ninety (90)-day period.

Each of the undersigned has signed this Guaranty as of the same day and year as the Agreement was executed.

GUARANTOR(S)

PERCENTAGE OWNERSHIP IN YOU

EXHIBIT C
FINANCIAL STATEMENTS

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

ARTEMIS RESTAURANT CORP.

SHALIMAR, FLORIDA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

ARTEMIS RESTAURANT CORP.
SHALIMAR, FLORIDA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
Artemis Restaurant Corp.
Shalimar, Florida

Opinion

We have audited the accompanying consolidated financial statements of Artemis Restaurant Corp. (a Delaware corporation), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2024, 2023, and 2022 and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Artemis Restaurant Corp. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years ended December 31, 2024, 2023, and 2022, 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. 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 Artemis Restaurant Corp. 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Artemis Restaurant Corp.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

To the Stockholders
Artemis Restaurant Corp.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Artemis Restaurant Corp.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Artemis Restaurant Corp.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Pensacola, Florida
April 29, 2025

**ARTEMIS RESTAURANT CORP.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2024 AND 2023**

ASSETS

	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 7,015,558	\$ 6,923,796
Royalties receivable	133,457	141,825
Proprietary product sales and allowances receivable	2,306,412	2,050,372
Due from related party	2,847	-
Other receivables	18,907	35,035
Inventory	842,927	312,302
Prepaid expenses	63,664	9,700
Other current assets	65,917	81,757
Total current assets	10,449,689	9,554,787
Property and Equipment, net	18,473,180	17,471,517
Other Assets:		
Conversion incentive, net of amortization	587,396	278,750
Right of use assets, operating	13,485,495	3,461,836
Deferred tax asset	251,000	84,000
Goodwill, net	25,200,271	17,930,673
Other long term assets	20,000	20,000
Total other assets	39,544,162	21,775,259
Total Assets	\$ 68,467,031	\$ 48,801,563

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 2,241,389	\$ 1,310,322
Accrued payroll and compensated absences	522,582	242,966
Taxes payable	443,821	154,191
Current portion of notes payable	799,979	815,582
Current portion of operating lease liabilities	1,487,148	324,821
Current portion of deferred revenue	215,324	77,580
Current portion of contingent consideration liability	369,369	397,462
Total current liabilities	6,079,612	3,322,924
Long-Term Liabilities:		
Notes payable, less current portion	38,510,833	30,278,358
Operating lease liabilities, less current portion	12,445,455	3,245,780
Deferred revenue	66,033	272,611
Contingent consideration liability	5,453	276,587
Total long-term liabilities	51,027,774	34,073,336
Total liabilities	57,107,386	37,396,260
Stockholders' Equity:		
Preferred stock, \$0.0001 par value; 19,887,331 shares authorized, issued and outstanding	1,989	1,989
Additional paid-in capital	11,998,011	11,998,011
Accumulated deficit	(640,355)	(594,697)
Total stockholders' equity	11,359,645	11,405,303
Total Liabilities and Stockholders' Equity	\$ 68,467,031	\$ 48,801,563

The accompanying notes are an integral part of these consolidated financial statements.

ARTEMIS RESTAURANT CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	2024	2023	2022
Revenue:			
Proprietary product revenue	\$ 16,076,534	\$ 15,065,201	\$ 13,297,773
Royalties	1,447,477	1,191,981	1,081,966
Franchise, license, and development fees	111,044	67,273	174,335
Sales by company-operated restaurants	55,290,938	34,149,941	21,625,752
Total revenue	<u>72,925,993</u>	<u>50,474,396</u>	<u>36,179,826</u>
Cost of Sales:			
Proprietary products	11,430,557	10,942,167	9,661,670
Company-operated restaurant expenses -			
Food and paper	21,163,542	13,368,651	8,680,056
Payroll	16,393,486	9,899,246	6,136,297
Occupancy and other operating expenses	3,460,382	1,663,577	1,105,550
Total cost of sales	<u>52,447,967</u>	<u>35,873,641</u>	<u>25,583,573</u>
Gross profit	20,478,026	14,600,755	10,596,253
General and Administrative Expenses	<u>17,658,936</u>	<u>11,708,829</u>	<u>9,679,419</u>
Operating income	<u>2,819,090</u>	<u>2,891,926</u>	<u>916,834</u>
Other Income (Expenses):			
Administrative service income	360,000	360,000	309,165
Miscellaneous income	560,920	228,227	130,456
Interest expense	(3,811,339)	(3,099,135)	(1,877,769)
Total other expenses, net	<u>(2,890,419)</u>	<u>(2,510,908)</u>	<u>(1,438,148)</u>
Income (Loss) Before Income Taxes	(71,329)	381,018	(521,314)
Income Tax Benefit (Expense)	<u>25,671</u>	<u>(136,022)</u>	<u>87,484</u>
Net Income (Loss)	<u>\$ (45,658)</u>	<u>\$ 244,996</u>	<u>\$ (433,830)</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARTEMIS RESTAURANT CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, beginning of year	19,887,331	\$ 1,989	\$ 11,998,011	\$ (405,863)	\$ 11,594,137
Net loss	-	-	-	(433,830)	(433,830)
Balance, December 31, 2022	19,887,331	1,989	11,998,011	(839,693)	11,160,307
Net income	-	-	-	244,996	244,996
Balance, December 31, 2023	19,887,331	1,989	11,998,011	(594,697)	11,405,303
Net loss	-	-	-	(45,658)	(45,658)
Balance, December 31, 2024	<u>19,887,331</u>	<u>\$ 1,989</u>	<u>\$ 11,998,011</u>	<u>\$ (640,355)</u>	<u>\$ 11,359,645</u>

The accompanying notes are an integral part of these consolidated financial statements.

**ARTEMIS RESTAURANT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022**

	2024	2023	2022
Cash Flows from Operating Activities:			
Net income (loss)	\$ (45,658)	\$ 244,996	\$ (433,830)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,902,066	2,994,576	2,943,406
Amortization of right of use asset in excess of rent paid	338,343	55,708	53,057
Deferred income taxes	(167,000)	136,000	(88,000)
Change in -			
Royalties receivable	8,368	18,188	(103,349)
Proprietary product sales and allowances receivable	(256,040)	(412,895)	(823,305)
Other receivables	16,128	(4,129)	4,771
Inventory	109,892	(1,588)	(157,110)
Prepaid expenses	(53,964)	6,128	14,576
Other current assets	15,840	(32,544)	(27,915)
Accounts payable	931,067	605,538	199,390
Accrued payroll and compensated absences	279,616	143,594	17,512
Taxes payable	289,630	32,992	89,840
Deferred revenue	(68,834)	115,548	(70,755)
Contingent consideration liability	12,314	-	-
Net cash provided by operating activities	<u>5,311,768</u>	<u>3,902,112</u>	<u>1,618,288</u>
Cash Flows from Investing Activities:			
Principal payments received on notes receivable	-	1,898	10,509
Due from related party	(2,847)	-	19,141
Purchase of property and equipment	(639,635)	(294,686)	(210,893)
Net assets purchased in acquisition of LFRC Cynthiana	(375,000)	-	-
Cash received in acquisition of LFRC St. Louis	11,500	-	-
Net assets purchased in acquisition of LFRC St. Louis	(11,699,517)	-	-
Cash received in acquisition of LFRC Ft. Wayne	-	4,000	-
Net assets purchased in acquisition of LFRC Ft. Wayne	-	(467,000)	-
Net assets purchased in acquisition of LFRC Ft. Wayne RE	-	(3,983,000)	-
Cash received in acquisition of LFRC Sanford	-	900	-
Net assets purchased in acquisition of LFRC Sanford	-	(291,210)	-
Net assets purchased in acquisition of LFRC Sanford RE	-	(520,000)	-
Net assets purchased in acquisition of LFRC Springfield	-	-	(8,517,599)
Net assets purchased in acquisition of Mt. Sterling	-	-	(3,111,154)
Purchase of conversion incentive asset	(325,000)	(100,000)	-
Payment on contingent incentive liability	(406,379)	(506,430)	(200,000)
Net cash used in investing activities	<u>(13,436,878)</u>	<u>(6,155,528)</u>	<u>(12,009,996)</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARTEMIS RESTAURANT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022
(Continued)

	2024	2023	2022
Cash Flows from Financing Activities:			
Proceeds from notes payable	9,000,000	-	15,687,999
Principal payments on notes payable	(783,128)	(94,059)	-
Net cash provided by (used in) financing activities	8,216,872	(94,059)	15,687,999
Net Increase (Decrease) in Cash and Cash Equivalents	91,762	(2,347,475)	5,296,291
Cash and Cash Equivalents at Beginning of Period	6,923,796	9,271,271	3,974,980
Cash and Cash Equivalents at End of Period	\$ 7,015,558	\$ 6,923,796	\$ 9,271,271
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Right of use assets obtained in exchange for operating lease liabilities:	\$ 22,574	\$ -	\$ 3,734,276
Right of use assets obtained in exchange for operating lease liabilities in business combination	\$ 10,377,769	\$ -	\$ -
Goodwill arising from contingent consideration	\$ 94,838	\$ 271,693	\$ 200,000
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	\$ 3,811,339	\$ 3,099,135	\$ 1,877,769
Cash paid for income taxes	\$ 60,805	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:

Artemis Restaurant Corp. (“Artemis”) was incorporated on May 6, 2021 in Delaware. Artemis is the sole owner of LFR Chicken, LLC (“LFR Chicken”). In June 2021, LFR Chicken purchased certain assets and assumed certain liabilities of Famous Recipe Group, LLC (“Famous Recipe Group”). The consolidated financial statements of Artemis include the accounts of LFR Chicken and LFR Chicken’s eighteen wholly-owned subsidiaries: Lee’s Distribution, LLC (“Lee’s Distribution”), Lee’s Franchisor, LLC (“Lee’s Franchisor”), Lee’s Franchisor Canada Ltd (“Lee’s Franchisor Canada”), Lee’s 4-Wall, LLC, LFRC Ocala, LLC (“LFRC Ocala”), Famous Recipe Fried Chicken of Lima Inc. (“FRFC Lima”), LFRC Springfield, LLC (“LFRC Springfield”), LFRC Mt. Sterling, LLC (“LFRC Mt. Sterling”), LFRC Ft. Wayne, LLC (“LFRC Ft. Wayne”), LFRC Sanford, LLC (“LFRC Sanford”), LFRC RE Holdings, LLC, LFRC SSB, LLC (“LFRC SSB”), LFRC Springfield RE, LLC (“LFRC Springfield RE”), LFRC RE Mt. Sterling, LLC (“LFRC RE Mt. Sterling”), LFRC Ft. Wayne RE, LLC (“LFRC Ft. Wayne RE”), LFRC Sanford RE, LLC (“LFRC Sanford RE”), LFRC Cynthiana, LLC (“LFRC Cynthiana”), and LFRC St. Louis, LLC (“LFRC St. Louis”). Lee’s Franchisor and Lee’s Franchisor Canada are primarily involved in the business of licensing franchisees to use the trademark of Lee’s Famous Recipe Chicken in order to operate restaurants serving the trademarked food. Lee’s Franchisor Canada was organized in 2022, to license the use of the Lee’s Famous Recipe Chicken trademark to Canadian franchisees. As of December 31, 2024, there were 130 restaurant locations. LFR Chicken and Lee’s Distribution also sell proprietary products to franchisees. LFRC Ocala, FRFC Lima, LFRC Springfield, LFRC Mt. Sterling, LFRC Ft. Wayne, LFRC Sanford, LFRC Cynthiana, and LFRC St. Louis own and operate restaurants serving the trademarked food. LFRC SSB, LFRC Springfield RE, LFRC RE Mt. Sterling were organized in 2022, to hold the real estate assets for the Company-owned and operated restaurants. LFRC Ft. Wayne RE and LFRC Sanford RE were organized in 2023, to hold the real estate for Company-owned and operated restaurants. Members are limited in their exposure to liabilities of the Company. The licensing office is in Shalimar, Florida. Franchises are located throughout the United States and Canada.

Principles of Consolidation:

The consolidated financial statements include the accounts of Artemis, LFR Chicken and subsidiaries (collectively, the “Company”). All significant inter-company balances and transactions have been eliminated in consolidation.

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents:

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Accounts Receivable:

Trade accounts receivable consist of royalties plus receivables resulting from the sales of proprietary products and from providing administrative services. Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. The Company provides an allowance for credit losses, when necessary, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and reasonable and supportable forecasts. Normal receivables are due 30 days after the issuance of the invoice. Accounts receivable past due more than 90 days are considered delinquent unless specific credit terms of the customer indicate otherwise. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a credit to trade accounts receivable. Management considers all current receivables collectible and, therefore, has not recorded an allowance for credit losses as of December 31, 2024 and 2023.

Inventory:

Inventory is valued at cost or net realizable value and consists of training materials and proprietary products that are sold to franchisees and food inventory sold at Company-operated restaurants.

Property and Equipment:

Property and equipment acquisitions are stated at cost. Property and equipment that was acquired in a business combination is recorded at the estimated fair value of the assets on the date of the acquisition. Major expenditures for property and equipment, and those which substantially increase useful lives, are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired, or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in income for the period. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets as follows.

Buildings	30 to 39 years
Leasehold improvements	10 to 20 years
Furniture, fixtures and equipment	3 to 7 years
Vehicles	7 years

The Company routinely evaluates the carrying value of its long-lived assets. As of December 31, 2024 and 2023, none of the Company's long-lived assets were considered to be materially impaired.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases:

ASC 842, *Leases* (“ASC 842”) requires a lessee to recognize a right-of-use (“ROU”) asset and a lease liability for all leases with a term greater than 12 months on its balance sheet regardless of whether the lease is classified as financing or operating.

The Company’s lessee arrangements include operating leases for the Company’s corporate office, a satellite office, and 23 of the Company-owned restaurants. Under the lease arrangement, the Company records an ROU asset and a corresponding lease liability, based on the present value of the remaining lease payments, discounted using their incremental borrowing rate allowable under ASC 842. The right-of-use asset is reported in noncurrent assets and the related lease liability is reported in current and long-term liabilities on the balance sheets. Lease expense is recognized on a straight-line basis over the lease term.

Goodwill:

Goodwill represents the excess of the cost of acquiring certain assets and liabilities over the fair value of those assets and liabilities at the date of acquisition. The Company elected the accounting alternative for nonpublic companies, which allows for the amortization of goodwill on a straight-line basis over ten years. Goodwill will be evaluated for impairment only when a triggering event occurs.

Revenue Recognition:

The Company’s revenues consist of sales by Company-operated restaurants, royalties, franchise fees, market development fees, sales of proprietary goods, and other income from administrative services performed by staff. Sales by Company-operated restaurants are recognized on a cash basis. The Company presents sales net of sales tax and other sales-related taxes. Revenue from the sale of proprietary products is recognized at the point in time the product is shipped.

Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASC 606”) provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Initial fees are recognized as the Company satisfies the performance obligations. Management has determined that all performance obligations related to the initial fees are satisfied as preopening services are performed. Accordingly, revenue related to franchise fees and market development fees are recognized as revenue over time.

Deferred revenue is recorded for transactions where cash has been received prior to the recognition of revenue. Deferred revenue related to contracts with beverage companies was \$66,033 and \$182,611 as of December 31, 2024 and 2023, respectively. Remaining deferred revenue balances of \$215,324 and \$167,580 pertain to pre-opening services not yet performed by the Company and unredeemed gift cards as of December 31, 2024 and 2023, respectively.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs:

The Company expenses all advertising costs as incurred. Advertising expense for the years ended December 31, 2024, 2023, and 2022 was \$2,535,369, \$1,640,395, and \$792,777, respectively.

Income Taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Uncertain Tax Positions:

The Company follows accounting requirements associated with uncertainty in income taxes using the provisions of ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter.

The Company has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Foreign Currency Translation:

The assets and liabilities of Lee's Franchisor Canada, whose functional currency is not the U.S. dollar, are translated at the exchange rate in effect on the reporting date, and income and expenses are translated at the exchange rates during the period. Net translation gains and losses are not significant and are not included in determining net income. Therefore, these amounts are not accumulated as a separate component of stockholders' equity.

Foreign currency transactions gains and losses are included in other income (expense) and are not significant.

Reclassifications:

Certain amounts in the 2023 and 2022 consolidated financial statements have been reclassified to conform to the 2024 presentation. These reclassifications were made to improve the clarity and consistency of financial reporting and had no impact on previously reported net income, total assets, total liabilities, or equity. These changes do not reflect a change in accounting policy or estimate.

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncement:

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASC 326”). ASC 326 requires the measurement of all expected credit losses for financial assets held at the reporting date to be based on historical experience, current conditions, and reasonable and supportable forecasts. This current expected credit loss model replaces the existing incurred loss model and is applicable to the measurement of credit losses on the Company’s accounts receivable. Subsequent to the issuance of this update, the FASB issued several ASUs that clarified the guidance. ASC 326 was effective for the years beginning after December 15, 2022. The Company adopted the standard on January 1, 2023, and it did not have a material impact on the Company’s consolidated financial statements.

Subsequent Events:

Management has evaluated subsequent events through April 29, 2025, which is the date which the consolidated financial statements were available to be issued.

NOTE 2 - INVENTORY

Inventory consists of the following:

	2024	2023
Proprietary products	\$ 18,608	\$ 26,184
Restaurant food	311,616	208,741
Restaurant paper products	512,703	77,377
Total inventory	\$ 842,927	\$ 312,302

NOTE 3 - CONVERSION INCENTIVE

The Company incurred conversion incentive deferred costs related to a contract entered into in 2022. Deferred conversion incentive costs were \$587,396 and \$278,750 at December 31, 2024 and 2023, net of accumulated amortization of \$37,604 and \$21,250, respectively. The deferred conversion incentive costs are being amortized on the straight-line basis over ten years. Amortization expense related to the deferred conversion incentive costs was \$16,354, \$13,750, and \$7,500 for the years ended December 31, 2024, 2023, and 2022, respectively.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at historical cost as of December 31, 2024 and 2023 are as follows:

	2024	2023
Land	\$ 4,966,416	\$ 3,566,416
Buildings	10,862,649	12,262,315
Leasehold improvements	1,562,117	1,266,756
Furniture, fixtures, and equipment	4,072,273	2,508,926
Vehicles	94,000	35,000
	21,557,455	19,639,413
Less: accumulated depreciation	(3,084,275)	(2,167,896)
Total property and equipment	\$ 18,473,180	\$ 17,471,517

Depreciation expense was \$921,972, \$703,553, and \$457,213 for the years ended December 31, 2024, 2023, and 2022, respectively.

NOTE 5 - GOODWILL

A summary of goodwill as of December 31, 2024 and 2023 is as follows:

	2024	2023
Goodwill	\$ 33,473,024	\$ 23,239,686
Less: accumulated amortization	(8,272,753)	(5,309,013)
Total goodwill, net	\$ 25,200,271	\$ 17,930,673

Amortization expense was \$2,963,740, \$2,277,273, and \$2,478,694 for the years ended December 31, 2024, 2023, and 2022, respectively.

NOTE 6 - LEASES

The Company leases multiple properties in Kentucky, Indiana, Illinois, Missouri, Florida, and Ohio. One of these properties serves as the corporate headquarters, one as a satellite office, while the others are Company-owned restaurants. As of December 31, 2024 and 2023, the ROU assets related to the operating leases were \$13,485,495 and \$3,461,836 and the corresponding operating lease liabilities were \$13,932,603 and \$3,570,601, respectively. Operating lease expense was \$1,526,292, \$438,532, and \$390,433 for the years ended December 31, 2024, 2023, and 2022, respectively. These costs are recognized as lease expense in the period incurred.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 6 - LEASES (Continued)

The following table presents supplemental information pertaining to the operating leases as of and the for the years ended December 31, 2024 and 2023.

	2024	2023
Operating cash outflows from operating leases	\$ 1,185,841	\$ 383,501
ROU assets obtained in exchange for operating lease liability	\$ 10,400,343	\$ -
Weighted-average remaining lease term in years for operating leases	31.08	18.83
Weighted-average discount rate for operating leases	11.86%	8.00%

The following table presents the maturities of the Company's operating lease and the present value discount as of December 31, 2024:

2025	\$ 1,654,780
2026	1,550,177
2027	1,551,960
2028	1,562,418
2029	1,556,381
Thereafter	53,346,142
Total undiscounted cash flows	61,221,858
Less: present value discount	(47,289,255)
Total lease liabilities	\$ 13,932,603

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 7 - NOTES PAYABLE

Notes payable are summarized as follows:

	2024	2023
Note payable to financing company under a \$30,000,000 credit agreement, interest only payments at SOFR with a floor of 1%, plus 7% (11.36% at December 31, 2024), maturing November 2026, secured by substantially all business assets	\$ 30,000,000	\$ 21,000,000
Note payable to Famous Recipe Group, LLC, annual principal payments of \$700,000 starting in June 2024, interest at 5%, maturing June 2028, unsecured	2,800,000	3,500,000
Note payable to financial institution, monthly payments through November 2027 of \$6,361, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,121,735	1,135,757
Note payable to financial institution, monthly payments through November 2027 of \$6,317, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,113,933	1,127,869
Note payable to financial institution, monthly payments through November 2027 of \$6,847, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,207,410	1,222,515
Note payable to financial institution, monthly payments through November 2027 of \$6,847, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,207,410	1,222,515
Note payable to financial institution, monthly payments through November 2027 of \$10,617, starting January 2023, including interest at 5.3%, secured by the mortgaged property	1,860,324	1,885,284
	39,310,812	31,093,940
Less current maturities	799,979	815,582
Notes payable, less current maturities	\$ 38,510,833	\$ 30,278,358

In May 2024, the Company executed a delayed draw as provided by the \$30,000,000 credit agreement referenced in the preceding table, increasing the amount drawn from \$21,000,000 to \$30,000,000.

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7 - NOTES PAYABLE (Continued)

Scheduled maturities on long-term debt are as follows:

2025	\$ 799,979
2026	30,810,529
2027	7,000,304
2028	<u>700,000</u>
	<u>\$ 39,310,812</u>

Restrictive Covenants:

The note payable to the financing company includes various restrictive covenants which include a senior leverage ratio, a fixed charge coverage ratio, and capital expenditure ratio. The Company was in compliance with all restrictive covenants at December 31, 2024 and 2023.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Company is participating in a multi-employer 401(k) retirement plan. Employees who are 21 years or older and have completed six months of service are eligible to participate. Eligible employees may defer up to the maximum amount allowed by the Internal Revenue Service. The Company may make matching and discretionary contributions to the plan. For the years ended December 31, 2024, 2023, and 2022, employer contributions to the plan totaled \$244,669, \$180,337, and \$95,233, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

Advertising Services:

During the years ended December 31, 2024, 2023, and 2022, the Company realized revenue from Lee's Famous Recipe Advertising Cooperative, Inc. for administrative services provided by LFR Chicken totaling \$360,000, \$360,000, and \$309,165, respectively. The Company had accounts payable due to Lee's Famous Recipe Advertising Cooperative, Inc. of \$62,390 and \$31,022 at December 31, 2024 and 2023, respectively.

There was no revenue realized from LFRC OH Advertising Cooperative, Inc. during the years ended December 31, 2024, 2023, and 2022. The Company had accounts payable due to LFRC OH Advertising Cooperative, Inc. of \$13,997 and \$9,364 at December 31, 2024 and 2023, respectively.

During the years ended December 31, 2024, 2023, and 2022, the Company paid Lee's Famous Recipe Advertising Cooperative, Inc. and LFRC OH Advertising Cooperative, Inc. \$828,630, \$626,167, and \$393,235, respectively.

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9 - RELATED PARTY TRANSACTIONS (Continued)

Legal Services:

During the years ended December 31, 2024, 2023, and 2022 the Company paid a law firm related by common ownership \$82,274, \$3,465, and \$79,000, respectively. Amounts due to this related party at December 31, 2024 totaled \$4,260. There were no amounts due to this related party at December 31, 2023.

NOTE 10 - ACQUISITIONS

LFRC Ft. Wayne, LLC:

On January 16, 2023, the Company acquired certain fixed assets from Hagan Real Estate, LLC, Carol J. Hagan and TC Hagan, LLC. The goodwill of \$76,000 arising from the acquisition consists largely of future earnings potential. The Company paid \$4,450,000 for the acquisition.

The following table summarizes the amounts of the assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	<u>\$ 14,000</u>
Recognized amounts of identifiable assets acquired	
Cash	\$ 4,000
Non-compete agreement	17,000
Property and equipment	<u>4,353,000</u>
Total identifiable net assets	4,374,000
Goodwill	<u>76,000</u>
Purchase price	<u>\$ 4,450,000</u>

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 10 - ACQUISITIONS (Continued)

LFRC Sanford, LLC:

On October 30, 2023, the Company acquired certain fixed assets from Sobik’s Sandwich Shops, Inc. The goodwill of approximately \$279,000 arising from the acquisition consists largely of future earnings potential. The Company paid approximately \$811,000 for the acquisition.

The following table summarizes the amounts of the assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	\$ <u>8,031</u>
Recognized amounts of identifiable assets acquired	
Cash	\$ 900
Inventory	11,210
Property and equipment	<u>520,000</u>
Total identifiable net assets	<u>532,110</u>
Goodwill	<u>279,100</u>
Purchase price	<u>\$ 811,210</u>

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 10 - ACQUISITIONS (Continued)

LFRC Ft. Cynthia, LLC:

On January 29, 2024, the Company acquired certain fixed assets from Lumena, LLC. The goodwill of \$275,000 arising from the acquisition consists largely of future earnings potential. The Company paid \$375,000 for the acquisition.

The following table summarizes the amounts of the net assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	\$ 5,976
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property and equipment	\$ 100,000
Right of use assets, operating	39,485
Total identifiable net assets	<u>139,485</u>
Recognized amounts of identifiable liabilities acquired	(39,485)
Goodwill	<u>275,000</u>
Purchase price	<u>\$ 375,000</u>

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 10 - ACQUISITIONS (Continued)

LFRC St. Louis, LLC:

On May 20, 2024, the Company acquired certain fixed assets from EJG Enterprises, Inc. The goodwill of \$9,863,500 arising from the acquisition consists largely of future earnings potential. The Company paid approximately \$11,700,000 for the acquisition.

The following table summarizes the amounts of the assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	<u>\$ 13,335</u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash	\$ 11,500
Inventory	640,517
Property and equipment	1,184,000
Right of use assets, operating	10,338,284
Total identifiable net assets	<u>12,174,301</u>
Recognized amounts of identifiable liabilities acquired	(10,338,284)
Goodwill	<u>9,863,500</u>
Purchase price	<u>\$ 11,699,517</u>

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 11 - FRANCHISES AND VARIABLE CONSIDERATION

There were not any franchise contracts at December 31, 2024 and 2023 where the consideration amount was variable.

A summary of franchise agreement activity as of December 31 is as follows:

	<u>2024</u>	<u>2023</u>
Franchise agreements at the beginning of the period	127	129
Franchise agreements signed	<u>4</u>	<u>1</u>
	131	130
Less: franchise agreements terminated	<u>1</u>	<u>3</u>
Franchises in operation at the end of the period	<u><u>130</u></u>	<u><u>127</u></u>

The Company is obligated to perform pre-opening services before restaurant operations commence. This obligation is satisfied when the services are rendered. The Company signed a market development agreement for 12 potential stores in 2021, which was subsequently amended in 2023 for 16 potential stores. During 2024, the Company signed a three-unit market development agreement. As of December 31, 2024 and 2023, not all of the pre-opening services had been performed.

NOTE 12 - INCOME TAXES

Income tax (benefit) expense consists of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current:			
Federal	\$ 80,860	\$ -	\$ -
State	60,469	22	516
Total current	<u>141,329</u>	<u>22</u>	<u>516</u>
Deferred:			
Federal	(121,000)	91,000	(88,000)
State	(46,000)	45,000	-
Total deferred	<u>(167,000)</u>	<u>136,000</u>	<u>(88,000)</u>
Total income tax (benefit) expense	<u><u>\$ (25,671)</u></u>	<u><u>\$ 136,022</u></u>	<u><u>\$ (87,484)</u></u>

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 12 - INCOME TAXES (Continued)

The significant components of the Company's deferred tax assets and liabilities consist of the following:

	2024	2023
Deferred tax assets:		
Amortization	\$ 1,006,000	\$ 337,000
Deferred revenue	32,000	23,000
Interest carryforward	296,000	-
Right of use asset	113,000	27,000
Federal net operating loss carryforwards	380,000	433,000
State net operating loss carryforwards	110,000	41,000
	1,937,000	861,000
Deferred tax liability:		
Depreciation	1,686,000	777,000
	\$ 251,000	\$ 84,000
Net deferred tax asset	\$ 251,000	\$ 84,000

The effective income tax rate for the years ended December 31, 2024, 2023, and 2022 differ from the statutory federal tax rate primarily due to the impact of state taxes, permanent differences, and a change in estimate. As of December 31, 2024 and 2023, the Company has federal and state net operating loss carryforwards of approximately \$1,919,000 and \$2,100,000, respectively, which do not expire. Management believes that the temporary differences that give rise to the net deferred tax asset will be reversed in succeeding years with the benefit thereof realized as a reduction in the provision for current income taxes. Accordingly, no valuation is provided at December 31, 2024 and 2023.

Changes in the estimated income tax provision are made prospectively in the year in which the change in estimate becomes known. During the year ended December, 31, 2023, the estimated tax provision was revised and the effect of the change in estimate was to increase the income tax provision by approximately \$37,000 from that which would have been reported had the revised estimate been used in the preceding year.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk:

The Company's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation and the Canadian Deposit Insurance Corporation up to certain limits. At December 31, 2024, the Company had cash balances of \$6,395,143 held by financial institutions in excess of insured limits.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Contingent Consideration Liability:

The Company entered into an agreement with Famous Recipe Group under which Famous Recipe Group is entitled to additional consideration between \$0 and \$1,500,000 if the Company meets criteria as specified in the agreement. At December 31, 2024, management estimates that \$1,275,000 will be paid to Famous Recipe Group under this arrangement. The Company recorded goodwill and a contingent consideration liability in the amount of \$908,786 upon execution of the agreement in 2021 based on the net present value of the estimated amount to be paid. During 2024 and 2023, the Company recorded an additional \$94,838 and \$271,692, respectively, of consideration liability based on the net present value of the revised estimated amount to be paid. Accumulated amortization related to the goodwill component was \$375,791 and \$107,859 at December 31, 2024 and 2023, respectively.

Concentration – Major Vendor:

For the year ended December 31, 2024, the Company purchased 88% of its materials from two major vendors. At December 31, 2024, amounts due to one vendor comprised 37% of total accounts payable.

Concentration – Major Customer

At December 31, 2024 amounts due from two customers comprised 72% of total accounts receivable.

Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

ARTEMIS RESTAURANT CORP.

SHALIMAR, FLORIDA

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

ARTEMIS RESTAURANT CORP.
SHALIMAR, FLORIDA
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Stockholders
Artemis Restaurant Corp.
Shalimar, Florida

Opinion

We have audited the accompanying consolidated financial statements of Artemis Restaurant Corp. (a Delaware corporation), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended December 31, 2023 and 2022, and for the period from May 6, 2021 (inception) through December 31, 2021 and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Artemis Restaurant Corp. as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023 and 2022, and for the period from May 6, 2021 (inception) through December 31, 2021, 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. 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 Artemis Restaurant Corp. 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Artemis Restaurant Corp.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

To the Stockholders
Artemis Restaurant Corp.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Artemis Restaurant Corp.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Artemis Restaurant Corp.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated schedules of general and administrative expenses and the consolidating financial statements are presented for purposes of additional analysis of the consolidated financial statements and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Pensacola, Florida
April 30, 2024

**ARTEMIS RESTAURANT CORP.
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022**

ASSETS

	2023	2022
Current Assets:		
Cash and cash equivalents	\$ 6,923,796	\$ 9,271,271
Royalties receivable	141,825	160,013
Proprietary product sales and allowances receivable	2,050,372	1,637,477
Other receivables	35,035	30,906
Inventory	312,302	299,504
Prepaid expenses	9,624	15,752
Notes receivable	-	1,898
Other current assets	81,757	32,213
Total current assets	9,554,711	11,449,034
Property and Equipment, net	17,471,517	13,007,384
Other Assets:		
Conversion incentive, net of amortization	278,750	192,500
Right of use assets, operating	3,461,836	3,613,721
Deferred tax asset	84,000	220,000
Goodwill, net	17,930,673	19,581,153
Other long term assets	20,000	20,000
Total other assets	21,775,259	23,627,374
Total Assets	\$ 48,801,487	\$ 48,083,792

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Accounts payable	\$ 1,310,322	\$ 704,784
Accrued payroll and compensated absences	242,966	99,372
Taxes payable	154,191	121,199
Current portion of notes payable	815,582	66,053
Current portion of operating lease liabilities	100,986	96,176
Current portion of deferred revenue	77,504	51,692
Current portion of contingent consideration liability	397,462	742,765
Total current liabilities	3,099,013	1,882,041
Long-Term Liabilities:		
Notes payable, less current portion	30,278,358	31,121,946
Operating lease liabilities, less current portion	3,469,615	3,570,602
Deferred revenue	272,611	182,875
Contingent consideration liability	276,587	166,021
Total long-term liabilities	34,297,171	35,041,444
Total liabilities	37,396,184	36,923,485
Stockholders' Equity:		
Preferred stock, \$0.0001 par value; 19,887,331 shares authorized, issued and outstanding	1,989	1,989
Additional paid-in capital	11,998,011	11,998,011
Accumulated deficit	(594,697)	(839,693)
Total stockholders' equity	11,405,303	11,160,307
Total Liabilities and Stockholders' Equity	\$ 48,801,487	\$ 48,083,792

The accompanying notes are an integral part of these consolidated financial statements.

ARTEMIS RESTAURANT CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	From the period from May 6, 2021 (inception) to December 31, 2021
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue:			
Proprietary product revenue	\$ 15,065,201	\$ 13,297,773	\$ 6,377,457
Royalties	1,191,981	1,081,966	540,737
Franchise, license, and development fees	67,273	174,335	7,500
Sales by company-operated restaurants	<u>34,149,941</u>	<u>21,625,752</u>	<u>1,508,102</u>
Total revenue	<u>50,474,396</u>	<u>36,179,826</u>	<u>8,433,796</u>
Cost of Sales:			
Proprietary products	10,942,167	9,661,670	4,523,242
Company-operated restaurant expenses -			
Food and paper	13,368,651	8,680,056	554,031
Payroll	9,899,246	6,136,297	425,501
Occupancy and other operating expenses	<u>1,663,577</u>	<u>1,105,550</u>	<u>77,049</u>
Total cost of sales	<u>35,873,641</u>	<u>25,583,573</u>	<u>5,579,823</u>
Gross profit	14,600,755	10,596,253	2,853,973
General and Administrative Expenses	<u>11,708,829</u>	<u>9,679,419</u>	<u>3,222,506</u>
Operating income (loss)	<u>2,891,926</u>	<u>916,834</u>	<u>(368,533)</u>
Other Income (Expenses):			
Administrative service income	360,000	309,165	102,890
Miscellaneous income	228,227	130,456	41,357
Interest expense	<u>(3,099,135)</u>	<u>(1,877,769)</u>	<u>(313,577)</u>
Total other expenses, net	<u>(2,510,908)</u>	<u>(1,438,148)</u>	<u>(169,330)</u>
Income (Loss) Before Income Taxes	381,018	(521,314)	(537,863)
Income Tax Benefit (Expense)	<u>(136,022)</u>	<u>87,484</u>	<u>132,000</u>
Net Income (Loss)	<u>\$ 244,996</u>	<u>\$ (433,830)</u>	<u>\$ (405,863)</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARTEMIS RESTAURANT CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	Preferred Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Shares	Amount			
Balance, beginning of period	-	\$ -	\$ -	\$ -	\$ -
Perferred stock issued	19,887,331	1,989	11,998,011	-	12,000,000
Net loss	-	-	-	(405,863)	(405,863)
Balance, December 31, 2021	19,887,331	1,989	11,998,011	(405,863)	11,594,137
Net loss	-	-	-	(433,830)	(433,830)
Balance, December 31, 2022	19,887,331	1,989	11,998,011	(839,693)	11,160,307
Net income	-	-	-	244,996	244,996
Balance, December 31, 2023	<u>19,887,331</u>	<u>\$ 1,989</u>	<u>\$ 11,998,011</u>	<u>\$ (594,697)</u>	<u>\$ 11,405,303</u>

The accompanying notes are an integral part of these consolidated financial statements.

ARTEMIS RESTAURANT CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	From the period from May 6, 2021 (inception) to December 31, 2021
Cash Flows from Operating Activities:			
Net income (loss)	\$ 244,996	\$ (433,830)	\$ (405,863)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,994,576	2,943,406	581,141
Amortization of right of use asset in excess of rent paid	55,708	53,057	-
Deferred income taxes	136,000	(88,000)	(132,000)
Change in -			
Royalties receivable	18,188	(103,349)	224,166
Proprietary product sales and allowances receivable	(412,895)	(823,305)	(52,030)
Due from related party	-	19,141	(19,141)
Other receivables	(4,129)	4,771	(31,876)
Inventory	(1,588)	(157,110)	(77,854)
Prepaid expenses	6,128	14,576	(30,328)
Other current assets	(32,544)	(27,915)	(4,298)
Accounts payable	605,538	199,390	150,632
Accrued payroll and compensated absences	143,594	17,512	185,399
Taxes payable	32,992	89,840	34,138
Deferred revenue	115,548	(70,755)	289,175
Net cash provided by operating activities	3,902,112	1,637,429	711,261
Cash Flows from Investing Activities:			
Principal payments received on notes receivable	1,898	10,509	3,089
Purchase of property and equipment	(294,686)	(210,893)	(84,560)
Cash received in acquisition of LFRC Ft. Wayne	4,000	-	-
Net assets purchased in acquisition of LFRC Ft. Wayne	(467,000)	-	-
Net assets purchased in acquisition of LFRC Ft. Wayne RE	(3,983,000)	-	-
Cash received in acquisition of LFRC Sanford	900	-	-
Net assets purchased in acquisition of LFRC Sanford	(291,210)	-	-
Net assets purchased in acquisition of LFRC Sanford RE	(520,000)	-	-
Net assets purchased in acquisition of LFRC Springfield	-	(8,517,599)	-
Net assets purchased in acquisition of Mt. Sterling	-	(3,111,154)	-
Net assets purchased in acquisition of LFR Chicken	-	-	(13,000,000)
Working capital acquisition of LFR Chicken	-	-	(140,485)
Net assets purchased in acquisition of FRFC Lima	-	-	(2,300,000)
Cash transferred from FRFC Lima	-	-	224,905
Net assets purchased in acquisition of LFRC Ocala	-	-	(5,439,230)
Purchase of conversion incentive asset	(100,000)	-	-
Payment on contingent incentive liability	(506,430)	(200,000)	-
Net cash used in investing activities	(6,155,528)	(12,029,137)	(20,736,281)
Cash Flows from Financing Activities:			
Proceeds from notes payable	-	15,687,999	17,000,000
Principal payments on notes payable	(94,059)	-	(5,000,000)
Issuance of preferred stock	-	-	1,989
Receipts of additional paid in capital	-	-	11,998,011
Net cash provided by (used in) financing activities	(94,059)	15,687,999	24,000,000
Net Increase (Decrease) in Cash and Cash Equivalents	(2,347,475)	5,296,291	3,974,980
Cash and Cash Equivalents at Beginning of Period	9,271,271	3,974,980	-
Cash and Cash Equivalents at End of Period	\$ 6,923,796	\$ 9,271,271	\$ 3,974,980
Supplemental Disclosures of Non-Cash Investing and Financing Activities:			
Right of use assets obtained in exchange for operating lease liabilities	\$ -	\$ 3,734,276	\$ -
Acquisition of Famous Recipe Group, LLC with long term debt	\$ -	\$ -	\$ 3,500,000
Goodwill arising from contingent consideration	\$ 271,693	\$ 200,000	\$ 908,786
Supplemental Disclosures of Cash Flow Information:			
Cash paid for interest	\$ 3,099,135	\$ 1,877,769	\$ 313,577
Cash paid for income taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:

Artemis Restaurant Corp. (“Artemis”) was incorporated on May 6, 2021 in Delaware. Artemis is the sole owner of LFR Chicken, LLC (“LFR Chicken”). On June 21, 2021, LFR Chicken purchased certain assets and assumed certain liabilities of Famous Recipe Group, LLC (“Famous Recipe Group”). The consolidated financial statements of Artemis include the accounts of LFR Chicken and LFR Chicken’s seventeen wholly-owned subsidiaries: Lee’s Distribution, LLC (“Lee’s Distribution”), Lee’s Franchisor, LLC (“Lee’s Franchisor”), Lee’s Franchisor Canada Ltd (“Lee’s Franchisor Canada”), Lee’s 4-Wall, LLC, LFRC Ocala, LLC (“LFRC Ocala”), Famous Recipe Fried Chicken of Lima Inc. (“FRFC Lima”), LFRC Springfield, LLC (“LFRC Springfield”), LFRC Mt. Sterling, LLC (“LFRC Mt. Sterling”), LFRC Ft. Wayne, LLC (“LFRC Ft. Wayne”), LFRC Sanford, LLC (“LFRC Sanford”), LFRC RE Holdings, LLC, LFRC SSB, LLC (“LFRC SSB”), LFRC Springfield RE, LLC (“LFRC Springfield RE”), LFRC RE Mt. Sterling, LLC (“LFRC RE Mt. Sterling”), LFRC Ft. Wayne RE, LLC (“LFRC Ft. Wayne RE”), and LFRC Sanford RE, LLC (“LFRC Sanford RE”). Lee’s Franchisor and Lee’s Franchisor Canada are primarily involved in the business of licensing franchisees to use the trademark of Lee’s Famous Recipe Chicken in order to operate restaurants serving the trademarked food. Lee’s Franchisor Canada was organized in 2022, to license the use of the Lee’s Famous Recipe Chicken trademark to Canadian franchisees. As of December 31, 2023, there were 127 restaurant locations. LFR Chicken and Lee’s Distribution also sell proprietary products to franchisees. LFRC Ocala, FRFC Lima, LFRC Springfield, LFRC Mt. Sterling, LFRC Ft. Wayne, and LFRC Sanford own and operate restaurants serving the trademarked food. LFRC SSB, LFRC Springfield RE, LFRC RE Mt. Sterling were organized in 2022, to hold the real estate assets for the Company-owned and operated restaurants. LFRC Ft. Wayne RE and LFRC Sanford RE were organized in 2023, to hold the real estate for Company-owned and operated restaurants. Members are limited in their exposure to liabilities of the Company. The licensing office is in Shalimar, Florida. Franchises are located throughout the United States and Canada.

Principles of Consolidation:

The consolidated financial statements include the accounts of Artemis, LFR Chicken and subsidiaries (collectively, the “Company”). All significant inter-company balances and transactions have been eliminated in consolidation.

Estimates:

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable:

Trade accounts receivable consist of royalties plus receivables resulting from the sales of proprietary products and from providing administrative services. Trade accounts receivable are reported at the amount management expects to collect from outstanding balances. The Company provides an allowance for credit losses, when necessary, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and reasonable and supportable forecasts. Normal receivables are due 30 days after the issuance of the invoice. Accounts receivable past due more than 90 days are considered delinquent unless specific credit terms of the customer indicate otherwise. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a credit to trade accounts receivable. Management considers all current receivables collectible and, therefore, has not recorded an allowance for credit losses as of December 31, 2023 and 2022.

Inventory:

Inventory is valued at cost or net realizable value and consists of training materials and proprietary products that are sold to franchisees and food inventory sold at Company-operated restaurants.

Property and Equipment:

Property and equipment acquisitions are stated at cost. Property and equipment that was acquired in a business combination is recorded at the estimated fair value of the assets on the date of the acquisition. Major expenditures for property and equipment, and those which substantially increase useful lives, are capitalized. Maintenance and repairs are expensed as incurred. When assets are retired, or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in income for the period. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets as follows.

Building	30 to 39 years
Leasehold improvements	10 to 20 years
Furniture, fixtures and equipment	3 to 7 years
Vehicles	7 years

The Company routinely evaluates the carrying value of its long-lived assets. As of December 31, 2023 and 2022, none of the Company's long-lived assets were considered to be materially impaired.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases:

ASC 842, *Leases* (“ASC 842”) requires a lessee to recognize a right-of-use (“ROU”) asset and a lease liability for all leases with a term greater than 12 months on its balance sheet regardless of whether the lease is classified as financing or operating.

The Company’s lessee arrangements include operating leases for the Company’s corporate office and six of the Company-owned restaurants. Under the lease arrangement, the Company records an ROU asset and a corresponding lease liability, based on the present value of the remaining lease payments, discounted using their incremental borrowing rate allowable under ASC 842. The right-of-use asset is reported in noncurrent assets and the related lease liability is reported in current and long-term liabilities on the balance sheets. Lease expense is recognized on a straight-line basis over the lease term.

Goodwill:

Goodwill represents the excess of the cost of acquiring certain assets and liabilities over the fair value of those assets and liabilities at the date of acquisition. The Company elected the accounting alternative for nonpublic companies, which allows for the amortization of goodwill on a straight-line basis over ten years. Goodwill will be evaluated for impairment only when a triggering event occurs.

Revenue Recognition:

The Company’s revenues consist of sales by Company-operated restaurants, royalties, franchise fees, market development fees, sales of proprietary goods, and other income from administrative services performed by staff. Sales by Company-operated restaurants are recognized on a cash basis. The Company presents sales net of sales tax and other sales-related taxes. Revenue from the sale of proprietary products is recognized at the point in time the product is shipped.

Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASC 606”) provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. Initial fees are recognized as the Company satisfies the performance obligations. Management has determined that all performance obligations related to the initial fees are satisfied as preopening services are performed. Accordingly, revenue related to franchise fees and market development fees are recognized as revenue over time.

Deferred revenue is recorded for transactions where cash has been received prior to the recognition of revenue. Deferred revenue related to contracts with beverage companies was \$182,611 and \$182,875 as of December 31, 2023 and 2022, respectively. Remaining deferred revenue balances of \$167,504 and \$51,692 pertain to pre-opening services not yet performed by the Company and unredeemed gift cards as of December 31, 2023 and 2022, respectively.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Costs:

The Company expenses all advertising costs as incurred. Advertising expense for the years ended December 31, 2023 and 2022, and for the period ended December 31, 2021 was \$1,037,469, \$546,036, and \$6,828, respectively.

Income Taxes:

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Uncertain Tax Positions:

The Company follows accounting requirements associated with uncertainty in income taxes using the provisions of ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The Company believes that it has appropriate support for the income tax positions taken and to be taken on its tax returns for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter.

The Company has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits.

Foreign Currency Translation:

The assets and liabilities of Lee's Franchisor Canada, whose functional currency is not the U.S. dollar, are translated at the exchange rate in effect on the reporting date, and income and expenses are translated at the exchange rates during the period. Net translation gains and losses are not significant and are not included in determining net income. Therefore, these amounts are not accumulated as a separate component of stockholders' equity.

Foreign currency transactions gains and losses are included in other income (expense) and are not significant.

Reclassifications:

Certain accounts in the prior-years consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year consolidated financial statements.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements:

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. The guidance in this topic supersedes the requirements in Accounting Standards Codification (“ASC”) Topic 840, *Leases*. With the exception of short-term leases, the updated guidance requires lessees to recognize a lease liability representing the lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset representing the lessee’s right to use, or control the use of, a specified asset for the lease term upon adoption. Lessor accounting was largely unchanged under the new guidance, except for clarification of initial direct costs which provided additional guidance on the timing of recognition of those costs. Subsequent to the issuance of this update, the FASB issued three additional ASU’s that provide codification improvements and certain transition elections. The Company adopted the standard effective January 1, 2022, using the modified retrospective transition method permitted by ASU 2018-11. Upon adoption in 2022, the Company recognized operating lease liabilities of \$3,734,276 based on the present value of the remaining rental payments under leasing standards for the existing operating leases, as well as corresponding ROU assets of \$3,734,276. The Company has included the new lease disclosure in Note 6.

In June 2016, the FSASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASC 326”)*. ASC326 requires the measurement of all expected credit losses for financial assets held at the reporting date to be based on historical experience, current conditions, and reasonable and supportable forecasts. This current expected credit loss (“CECL”) model replaces the existing incurred loss model and is applicable to the measurement of credit losses on the Company’s accounts receivable. Subsequent to the issuance of this update, the FASB issues several ASUs that clarified the guidance. ASC 326 is effective for the years beginning after December 15, 2022. The Company adopted the standard on January 1, 2023, and it did not have a material impact on the Company’s consolidated financial statements.

Subsequent Events:

Management has evaluated subsequent events through April 30, 2024, which is the date which the consolidated financial statements were available to be issued.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 - INVENTORY

Inventory consists of the following:

	<u>2023</u>	<u>2022</u>
Proprietary products	\$ 26,184	\$ 18,778
Restaurant food	208,741	194,227
Restaurant paper products	<u>77,377</u>	<u>86,499</u>
Total inventory	<u>\$ 312,302</u>	<u>\$ 299,504</u>

NOTE 3 - CONVERSION INCENTIVE

The Company incurred conversion incentive deferred costs related to a contract entered into in 2022. Deferred conversion incentive costs were \$278,750 and \$192,500 at December 31, 2023 and 2022, net of accumulated amortization of \$21,250 and \$7,500, respectively. The deferred conversion incentive costs are being amortized on the straight-line basis over ten years. Amortization expense related to the deferred conversion incentive costs was \$13,750 and \$7,500 for the years ended December 31, 2023 and 2022, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at historical cost as of December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 3,314,416	\$ 1,373,416
Buildings	12,514,315	9,952,315
Leasehold improvements	1,266,756	1,157,236
Furniture, fixtures, and equipment	2,508,926	1,840,261
Vehicles	<u>35,000</u>	<u>148,500</u>
	19,639,413	14,471,728
Less: accumulated depreciation	<u>(2,167,896)</u>	<u>(1,464,344)</u>
Total property and equipment	<u>\$ 17,471,517</u>	<u>\$ 13,007,384</u>

Depreciation expense was \$703,553, \$457,213, and \$28,095 for the years ended December 31, 2023 and 2022, and for the period ended December 31, 2021, respectively.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 - GOODWILL

A summary of goodwill as of December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Goodwill	\$ 23,239,686	\$ 22,612,893
Less: accumulated amortization	<u>(5,309,013)</u>	<u>(3,031,740)</u>
Total goodwill, net	<u>\$ 17,930,673</u>	<u>\$ 19,581,153</u>

Amortization expense was \$2,277,273, \$2,478,694 and \$553,046 for the years ended December 31, 2023 and 2022, and for the period ended December 31, 2021, respectively.

NOTE 6 - LEASES

The Company leases multiple pieces of property in Florida and Ohio, with one property serving as the corporate headquarters and the remaining properties housing Company-owned restaurants. As of December 31, 2023 and 2022, the ROU assets related to the operating leases were \$3,461,836 and \$3,613,721 and the operating lease liabilities totaled \$3,570,601 and \$3,666,778, respectively. Operating lease expense was \$438,532 and \$390,433 for the years ended December 31, 2023 and 2022, respectively. These costs are recognized as variable lease expense in the period incurred. The following table presents supplemental information pertaining to the operating lease as of and the for the year ended December 31, 2023.

	<u>2023</u>	<u>2022</u>
Operating cash outflows from operating leases	\$ 383,501	\$ 330,081
ROU assets obtained in exchange for operating lease liability	\$ -	\$ 3,734,276
Weighted-average remaining lease term in years for operating leases	18.83	19.49
Weighted-average discount rate for operating leases	8.00%	8.00%

The following table presents the maturities of the Company's operating lease and the present value discount as of December 31, 2023:

2024	\$ 380,466
2025	388,297
2026	352,602
2027	358,874
2028	365,278
Thereafter	<u>5,450,970</u>
Total undiscounted cash flows	7,296,487
Less: present value discount	<u>(3,725,886)</u>
Total lease liabilities	<u>\$ 3,570,601</u>

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - NOTES PAYABLE

Notes payable are summarized as follows:

	2023	2022
Note payable to financing company under a \$25,000,000 credit agreement, interest only payments at LIBOR with a floor of 1%, plus 7% (12.35% at December 31, 2023), maturing November 2026, secured by substantially all business assets	\$ 21,000,000	\$ 21,000,000
Note payable to Famous Recipe Group, LLC, annual principal payments of \$700,000 starting in June 2024, interest at 5%, maturing June 2028, unsecured	3,500,000	3,500,000
Note payable to financial institution, monthly payments through November 2027 of \$6,361, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,135,757	1,152,000
Note payable to financial institution, monthly payments through November 2027 of \$6,317, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,127,869	1,143,999
Note payable to financial institution, monthly payments through November 2027 of \$6,847, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,222,515	1,240,000
Note payable to financial institution, monthly payments through November 2027 of \$6,847, starting January 2023, including interest at 5.25%, secured by the mortgaged property	1,222,515	1,240,000
Note payable to financial institution, monthly payments through November 2027 of \$10,617, starting January 2023, including interest at 5.30%, secured by the mortgaged property	1,885,284	1,912,000
	31,093,940	31,187,999
Less current maturities	815,582	66,053
Notes payable, less current maturities	\$ 30,278,358	\$ 31,121,946

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 - NOTES PAYABLE (Continued)

Scheduled maturities on long-term debt are as follows:

2024	\$ 815,582
2025	804,874
2026	21,810,529
2027	6,962,955
2028	<u>700,000</u>
	<u>\$ 31,093,940</u>

Restrictive Covenants:

The note payable to the financing company includes various restrictive covenants which include a senior leverage ratio, a fixed charge coverage ratio, and capital expenditure ratio. The Company was in compliance with all restrictive covenants at December 31, 2023 and 2022.

NOTE 8 - EMPLOYEE BENEFIT PLAN

The Company is participating in a multi-employer 401(k) retirement plan. Employees who are 21 years or older and have completed six months of service are eligible to participate. Eligible employees may defer up to the maximum amount allowed by the Internal Revenue Service. The Company may make matching and discretionary contributions to the plan. For the years ended December 31, 2023 and 2022, and for the period ended December 31, 2021, employer contributions to the plan totaled \$180,337, \$95,233, and \$31,307 respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

During the years ended December 31, 2023 and 2022, and for the period ended December 31, 2021, the Company realized revenue from Lee's Famous Recipe Advertising Cooperative, Inc. for administrative services provided by LFR Chicken totaling \$360,000, \$309,165, and \$102,890 respectively. The Company had accounts payable due to Lee's Famous Recipe Advertising Cooperative, Inc. of \$31,022 and \$14,685 at December 31, 2023 or 2022, respectively.

There was no revenue realized from LFRC OH Adverting Cooperative, Inc. during the years ended December 31, 2023 and 2022, and for the period ended December 31, 2021. The Company had accounts payable due to LFRC OH Adverting Cooperative, Inc. of \$9,364 at December 31, 2023. No amounts were due to LFRC OH Advertising Cooperative, Inc. as of December 31, 2022.

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 - RELATED PARTY TRANSACTIONS (Continued)

During the years ended December 31, 2023 and 2022, the Company paid Lee's Famous Recipe Advertising Cooperative, Inc. and LFRC OH Advertising Cooperative, Inc. \$626,167 and \$393,235, respectively. No amounts were paid to the related parties in the period ended December 31, 2021.

NOTE 10 - ACQUISITIONS

LFRC Springfield, LLC:

On April 12, 2022, the Company acquired certain fixed assets from Far From Famous, LLC. The goodwill of approximately \$600,000 arising from the acquisition consists largely of future earnings potential. The Company paid approximately \$8,500,000 for the acquisition.

The following table summarizes the amounts of the assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	<u>\$ 29,934</u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Property and equipment	<u>7,892,500</u>
Recognized amounts of identifiable liabilities acquired	20,997
Goodwill	<u>616,162</u>
Purchase price	<u>\$ 8,517,599</u>

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 - ACQUISITIONS (Continued)

LFRC Mt. Sterling, LLC:

On June 20, 2022, the Company acquired certain fixed assets from Lee's of Mt. Sterling, Inc. The goodwill of approximately \$1,850,000 arising from the acquisition consists largely of future earnings potential. The Company paid approximately \$3,100,000 for the acquisition.

The following table summarizes the amounts of the assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	<u>\$ 9,671</u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash	2,400
Non-compete agreement	20,000
Property and equipment	<u>1,240,000</u>
Total identifiable net assets	1,262,400
Recognized amounts of identifiable liabilities acquired	13,091
Goodwill	<u>1,851,154</u>
Purchase price	<u>\$ 3,110,134</u>

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 10 - ACQUISITIONS (Continued)

LFRC Ft. Wayne, LLC:

On January 16, 2023, the Company acquired certain fixed assets from Hagan Real Estate, LLC, Carol J. Hagan and TC Hagan, LLC. The goodwill of approximately \$76,000 arising from the acquisition consists largely of future earnings potential. The Company paid approximately \$4,460,000 for the acquisition.

The following table summarizes the amounts of the assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	\$ 14,000
	<u> </u>
Recognized amounts of identifiable assets acquired and liabilities assumed	
Cash	4,000
Non-compete agreement	17,000
Property and equipment	4,353,000
Total identifiable net assets	<u>4,374,000</u>
Goodwill	<u>76,000</u>
Purchase price	<u>\$ 4,464,000</u>

LFRC Sanford, LLC:

On October 30, 2023, the Company acquired certain fixed assets from Sobik’s Sandwich Shops, Inc. The goodwill of approximately \$279,000 arising from the acquisition consists largely of future earnings potential. The Company paid approximately \$810,000 for the acquisition.

The following table summarizes the amounts of the assets acquired at the acquisition date.

Acquisition-related costs and expenses recognized	\$ 8,031
	<u> </u>
Recognized amounts of identifiable assets acquired	
Cash	900
Inventory	11,210
Property and equipment	520,000
Total identifiable net assets	<u>532,110</u>
Goodwill	<u>279,100</u>
Purchase price	<u>\$ 811,210</u>

**ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 11 - FRANCHISES AND VARIABLE CONSIDERATION

There were not any franchise contracts at December 31, 2023 and 2022 where the consideration amount was variable.

A summary of franchise agreement activity as of December 31 is as follows:

	<u>2023</u>	<u>2022</u>
Franchise agreements at the beginning of the period	129	130
Franchise agreements signed	<u>1</u>	<u>2</u>
	130	132
Less: franchise agreements terminated	<u>3</u>	<u>3</u>
Franchises in operation at the end of the period	<u><u>127</u></u>	<u><u>129</u></u>

The Company is obligated to perform pre-opening services before restaurant operations commence. This obligation is satisfied when the services are rendered. The Company signed a market development agreement for 12 potential stores in 2021, which was subsequently amended in 2023 for 16 potential stores. As of December 31, 2023 and 2022, not all of the pre-opening services had been performed.

NOTE 12 - INCOME TAXES

Income tax benefit (expense) consists of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred:			
Federal	\$ (91,000)	\$ 88,000	\$ 132,000
State	<u>(45,000)</u>	<u>-</u>	<u>-</u>
Total deferred	<u>(136,000)</u>	<u>88,000</u>	<u>132,000</u>
Total income tax benefit (expense)	<u><u>\$ (136,000)</u></u>	<u><u>\$ 88,000</u></u>	<u><u>\$ 132,000</u></u>

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 12 - INCOME TAXES (Continued)

The significant components of the Company's deferred tax assets and liabilities consist of the following:

	2023	2022
Deferred tax assets:		
Amortization	\$ 337,000	\$ 201,000
Charitable contributions	-	3,000
Deferred revenue	23,000	46,000
Foreign tax credit	-	27,000
Right of use asset	27,000	13,000
Federal net operating loss carryforwards	433,000	168,000
State net operating loss carryforwards	41,000	18,000
	861,000	476,000
Deferred tax liabilities:		
Depreciation	777,000	256,000
	777,000	256,000
Net deferred tax asset	\$ 84,000	\$ 220,000

The effective income tax rate for the years ended December 31, 2023 and 2022 and for the period ended December 31, 2021 differ from the statutory federal tax rate primarily due to the impact of state taxes and to a change in estimate. As of December 31, 2023, the Company has federal and state net operating loss carryforwards of approximately \$2,100,000 and \$700,000, respectively, which do not expire. Management believes that the temporary differences that give rise to the net deferred tax asset will be reversed in succeeding years with the benefit thereof realized as a reduction in the provision for current income taxes. Accordingly, no valuation is provided at December 31, 2023 and 2022.

Changes in the estimated income tax provision are made prospectively in the year in which the change in estimate becomes known. During the year ended December, 31, 2023, the estimated tax provision was revised and the effect of the change in estimate was to increase the income tax provision by approximately \$37,000 from that which would have been reported had the revised estimate been used in the preceding year.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Concentration of Credit Risk:

The Company's cash balances held at financial institutions are insured by the Federal Deposit Insurance Corporation and the Canadian Deposit Insurance Corporation up to certain limits. At December 31, 2023, the Company had cash balances of \$6,262,718 held by financial institutions in excess of insured limits.

ARTEMIS RESTAURANT CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)

Contingent Consideration Liability:

The Company entered into an agreement with Famous Recipe Group under which Famous Recipe Group is entitled to additional consideration between \$0 and \$1,500,000 if the Company meets criteria as specified in the agreement. At December 31, 2023, management estimates that \$1,325,000 will be paid to Famous Recipe Group under this arrangement. The Company recorded goodwill and a contingent consideration liability in the amount of \$908,786 upon execution of the agreement on June 21, 2021 based on the net present value of the estimated amount to be paid. During 2023, the Company recorded an additional \$271,693 of consideration liability based on the net present value of the revised estimated amount to be paid. Accumulated amortization related to the goodwill component was \$107,859 and \$136,318 at December 31, 2023 and 2022, respectively.

NOTE 14 - SUBSEQUENT EVENTS

In January 2024, the Company acquired certain fixed assets and assumed a lease from Lumena, LLC. The Company paid approximately \$375,000 and the acquisition resulted in approximately \$264,000 in goodwill.

In March 2024, the Company executed an \$11,534,000 purchase agreement to acquire certain assets and assume certain liabilities from EJG Enterprises, Inc. The acquisition has not closed as of the date these financial statements were available.

SUPPLEMENTARY INFORMATION

ARTEMIS RESTAURANT CORP.
CONSOLIDATED SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
ARTEMIS RESTAURANT CORP.
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>From the period from May 6, 2021 (inception) to December 31, 2021</u>
Amortization	\$ 2,291,023	\$ 2,486,194	\$ 553,046
Bank and transaction fees	1,221,205	660,170	55,776
Depreciation	703,553	457,213	28,095
Employee benefits and payroll taxes	450,301	336,247	111,986
Franchise sales and support	304,723	284,047	13,372
Information technology	325,378	233,766	56,083
Insurance	458,906	391,533	72,164
Management services	371,548	189,935	13,919
Marketing	1,037,469	546,036	6,828
Office	510,723	267,069	43,492
Other expense	434,785	325,427	106,593
Payroll	2,185,958	1,603,901	904,717
Professional fees	803,478	1,358,698	1,116,063
Taxes	323,541	244,268	50,924
Travel	286,238	294,915	89,448
Total General and Administrative Expenses	<u>\$ 11,708,829</u>	<u>\$ 9,679,419</u>	<u>\$ 3,222,506</u>

ARTEMIS RESTAURANT CORP.
CONSOLIDATED SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
LFR CHICKEN, LLC
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>From the period from May 6, 2021 (inception) to December 31, 2021</u>
Amortization	\$ 2,291,023	\$ 2,486,194	\$ 553,046
Bank and transaction fees	1,191,351	616,664	55,020
Depreciation	703,553	457,213	28,095
Employee benefits and payroll taxes	450,301	336,247	111,986
Franchise sales and support	304,723	284,047	13,372
Information technology	295,055	228,733	52,843
Insurance	458,906	391,533	72,047
Management services	371,548	189,935	13,919
Marketing	1,037,469	546,036	6,828
Office	457,807	250,247	38,381
Other expense	181,106	272,458	106,293
Payroll	2,185,958	1,603,901	904,717
Professional fees	803,478	1,358,698	711,864
Taxes	246,831	220,670	42,283
Travel	254,656	220,039	87,873
Total General and Administrative Expenses	<u>\$ 11,233,765</u>	<u>\$ 9,462,615</u>	<u>\$ 2,798,567</u>

ARTEMIS RESTAURANT CORP.
CONSOLIDATED SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
LEE'S 4-WALL, LLC
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	2023	2022	From the period from May 6, 2021 (inception) to December 31, 2021
Amortization	\$ 477,915	\$ 363,146	\$ 11,944
Bank and transaction fees	1,191,459	615,118	53,236
Depreciation	367,511	250,573	21,397
Information technology	181,234	105,268	5,389
Management services	299,312	151,435	9,058
Marketing	1,037,469	545,858	6,828
Office	301,716	199,107	10,274
Other expense	41,418	(4,090)	602
Operating and administration	330,842	308,937	13,372
Payroll	21,331	30,950	275,434
Professional fees	51,137	63,762	35,115
Taxes	189,493	124,090	12,525
Total General and Administrative Expenses	\$ 4,490,837	\$ 2,754,154	\$ 455,174

**ARTEMIS RESTAURANT CORP.
CONSOLIDATED SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
LFRC RE HOLDINGS, LLC
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
Depreciation	\$ 319,764	\$ 190,362
Other expenses	881	-
Professional fees	-	122,518
Total General and Administrative Expenses	\$ 320,645	\$ 312,880

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING BALANCE SHEETS
ARTEMIS RESTAURANT CORP.
DECEMBER 31, 2023**

ASSETS

	Artemis	LFR Chicken, LLC	Elimination	Artemis Total
Current Assets:				
Cash and cash equivalents	\$ (10)	\$ 6,923,806	\$ -	\$ 6,923,796
Royalties receivable	-	141,825	-	141,825
Proprietary product sales and allowances receivable	-	2,050,372	-	2,050,372
Other receivables	-	35,035	-	35,035
Intercompany amounts	(187,502)	187,502	-	-
Inventory	-	312,302	-	312,302
Prepaid expenses	-	9,624	-	9,624
Notes receivable	-	-	-	-
Other current assets	(346,238)	427,995	-	81,757
Total current assets	<u>(533,750)</u>	<u>10,088,461</u>	<u>-</u>	<u>9,554,711</u>
Property and Equipment, net	<u>-</u>	<u>17,471,517</u>	<u>-</u>	<u>17,471,517</u>
Other Assets:				
Investments in subsidiaries	11,912,485	-	(11,912,485)	-
Notes receivable	-	-	-	-
Conversion incentive, net of amortization	-	278,750	-	278,750
Right of use assets, operating	-	3,461,836	-	3,461,836
Deferred tax asset	84,000	-	-	84,000
Goodwill, net	-	17,930,673	-	17,930,673
Other long term assets	-	20,000	-	20,000
Total other assets	<u>11,996,485</u>	<u>21,691,259</u>	<u>(11,912,485)</u>	<u>21,775,259</u>
Total Assets	<u>\$ 11,462,735</u>	<u>\$ 49,251,237</u>	<u>\$ (11,912,485)</u>	<u>\$ 48,801,487</u>

LIABILITIES AND EQUITY

Current Liabilities:				
Accounts payable	\$ 57,057	\$ 1,253,265	\$ -	\$ 1,310,322
Accrued payroll and compensated absences	-	242,966	-	242,966
Taxes payable	375	153,816	-	154,191
Current portion of notes payable	-	815,582	-	815,582
Current portion of operating lease liabilities	-	100,986	-	100,986
Current portion of deferred revenue	-	77,504	-	77,504
Current portion of contingent consideration liability	-	397,462	-	397,462
Total current liabilities	<u>57,432</u>	<u>3,041,581</u>	<u>-</u>	<u>3,099,013</u>
Long-Term Liabilities:				
Notes payable, less current portion	-	30,278,358	-	30,278,358
Operating lease liabilities, less current portion	-	3,469,615	-	3,469,615
Deferred revenue	-	272,611	-	272,611
Contingent consideration liability	-	276,587	-	276,587
Total long-term liabilities	<u>-</u>	<u>34,297,171</u>	<u>-</u>	<u>34,297,171</u>
Total liabilities	<u>57,432</u>	<u>37,338,752</u>	<u>-</u>	<u>37,396,184</u>
Equity:				
Preferred stock, \$0.0001 par value; 19,887,331 shares authorized, issued and outstanding	1,989	-	-	1,989
Additional paid-in capital	11,998,011	-	-	11,998,011
Accumulated deficit	(594,697)	-	-	(594,697)
Member's equity	-	11,912,485	(11,912,485)	-
Total equity	<u>11,405,303</u>	<u>11,912,485</u>	<u>(11,912,485)</u>	<u>11,405,303</u>
Total Liabilities and Equity	<u>\$ 11,462,735</u>	<u>\$ 49,251,237</u>	<u>\$ (11,912,485)</u>	<u>\$ 48,801,487</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING BALANCE SHEETS
ARTEMIS RESTAURANT CORP.
DECEMBER 31, 2022**

ASSETS

	Artemis	LFR Chicken, LLC	Elimination	Artemis Total
Current Assets:				
Cash and cash equivalents	\$ -	\$ 9,271,271	\$ -	\$ 9,271,271
Royalties receivable	-	160,013	-	160,013
Proprietary product sales and allowances receivable	-	1,637,477	-	1,637,477
Other receivables	-	30,906	-	30,906
Intercompany amounts	(72,527)	85,259	(12,732)	-
Inventory	-	299,504	-	299,504
Prepaid expenses	-	15,752	-	15,752
Notes receivable	-	1,898	-	1,898
Other current assets	(19,654)	51,867	-	32,213
Total current assets	<u>(92,181)</u>	<u>11,553,947</u>	<u>(12,732)</u>	<u>11,449,034</u>
Property and Equipment, net	<u>-</u>	<u>13,007,384</u>	<u>-</u>	<u>13,007,384</u>
Other Assets:				
Investments in subsidiaries	11,043,693	-	(11,043,693)	-
Notes receivable	-	-	-	-
Conversion incentive, net of amortization	-	192,500	-	192,500
Right of use assets, operating	-	3,613,721	-	3,613,721
Deferred tax asset	220,000	-	-	220,000
Goodwill, net	-	19,581,153	-	19,581,153
Other long term assets	-	20,000	-	20,000
Total other assets	<u>11,263,693</u>	<u>23,407,374</u>	<u>(11,043,693)</u>	<u>23,627,374</u>
Total Assets	<u>\$ 11,171,512</u>	<u>\$ 47,968,705</u>	<u>\$ (11,056,425)</u>	<u>\$ 48,083,792</u>

LIABILITIES AND EQUITY

Current Liabilities:				
Accounts payable	\$ 10,830	\$ 693,954	\$ -	\$ 704,784
Accrued payroll and compensated absences	-	99,372	-	99,372
Taxes payable	375	120,824	-	121,199
Current portion of notes payable	-	66,053	-	66,053
Current portion of operating lease liabilities	-	96,176	-	96,176
Current portion of deferred revenue	-	51,692	-	51,692
Current portion of contingent consideration liability	-	742,765	-	742,765
Total current liabilities	<u>11,205</u>	<u>1,870,836</u>	<u>-</u>	<u>1,882,041</u>
Long-Term Liabilities:				
Notes payable, less current portion	-	31,121,946	-	31,121,946
Operating lease liabilities, less current portion	-	3,570,602	-	3,570,602
Deferred revenue	-	182,875	-	182,875
Contingent consideration liability	-	166,021	-	166,021
Total long-term liabilities	<u>-</u>	<u>35,041,444</u>	<u>-</u>	<u>35,041,444</u>
Total liabilities	<u>11,205</u>	<u>36,912,280</u>	<u>-</u>	<u>36,923,485</u>
Equity:				
Preferred stock, \$0.0001 par value; 19,887,331 shares authorized, issued and outstanding	1,989	-	-	1,989
Additional paid-in capital	11,998,011	-	-	11,998,011
Accumulated deficit	(839,693)	-	-	(839,693)
Member's equity	-	11,056,425	(11,056,425)	-
Total equity	<u>11,160,307</u>	<u>11,056,425</u>	<u>(11,056,425)</u>	<u>11,160,307</u>
Total Liabilities and Equity	<u>\$ 11,171,512</u>	<u>\$ 47,968,705</u>	<u>\$ (11,056,425)</u>	<u>\$ 48,083,792</u>

**ARTEMIS RESTAURANT CORP.
LFR CHICKEN, LLC
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2023**

ASSETS

	LFR Chicken	Lee's Distribution	Lee's Franchisor	Lee's Franchisor Canada Ltd.	Lee's 4-Wall LLC	LFR RE Holdings, LLC	Elimination	LFR Chicken, LLC Total
Current Assets:								
Cash and cash equivalents	\$ 6,364,658	\$ (73,903)	\$ -	\$ 82,561	\$ 329,014	\$ 221,476	\$ -	\$ 6,923,806
Royalties receivable	-	-	200,654	3,083	-	-	(61,912)	141,825
Proprietary product sales and allowances receivable	636,789	1,328,978	-	-	84,605	-	-	2,050,372
Other receivables	36,478	-	-	-	-	-	(1,443)	35,035
Intercompany amounts	466,855	-	(100,000)	-	(70,145)	(109,208)	-	187,502
Inventory	26,184	-	-	-	286,118	-	-	312,302
Prepaid expenses	-	-	-	-	9,624	-	-	9,624
Notes receivable	-	-	-	-	-	-	-	-
Other current assets	(18,510,323)	6,867,692	4,214,128	-	7,856,498	-	-	427,995
Total current assets	(10,979,359)	8,122,767	4,314,782	85,644	8,495,714	112,268	(63,355)	10,088,461
Property and Equipment, net	60,423	-	-	-	2,118,899	15,292,195	-	17,471,517
Other Assets:								
Investments in subsidiaries	34,602,934	-	-	-	-	-	(34,602,934)	-
Conversion incentive, net of amortization	-	-	278,750	-	-	-	-	278,750
Right of use assets, operating	83,068	-	-	-	8,282,126	-	(4,903,358)	3,461,836
Goodwill, net	13,811,263	-	-	-	4,119,410	-	-	17,930,673
Other long term assets	-	-	-	-	20,000	-	-	20,000
Total other assets	48,497,265	-	278,750	-	12,421,536	-	(39,506,292)	21,691,259
Total Assets	\$ 37,578,329	\$ 8,122,767	\$ 4,593,532	\$ 85,644	\$ 23,036,149	\$ 15,404,463	\$ (39,569,647)	\$ 49,251,237

LIABILITIES AND EQUITY

Current Liabilities:								
Accounts payable	\$ 61,141	\$ 94,579	\$ -	\$ -	\$ 1,160,900	\$ -	\$ (63,355)	\$ 1,253,265
Accrued payroll and compensated absences	82,197	-	-	-	160,769	-	-	242,966
Taxes payable	-	-	-	1,354	151,521	941	-	153,816
Current portion of notes payable	700,000	-	-	-	-	115,582	-	815,582
Current portion of operating lease liabilities	35,500	-	-	-	92,949	-	(27,463)	100,986
Current portion of deferred revenue	0	-	79,818	-	(2,314)	-	-	77,504
Current portion of contingent consideration liability	397,462	-	-	-	-	-	-	397,462
Total current liabilities	1,276,300	94,579	79,818	1,354	1,563,825	116,523	(90,818)	3,041,581
Long-Term Liabilities:								
Notes payable, less current portion	23,800,000	-	-	-	-	6,478,358	-	30,278,358
Operating lease liabilities, less current portion	40,346	-	-	-	8,305,164	-	(4,875,895)	3,469,615
Deferred revenue	272,611	-	-	-	-	-	-	272,611
Contingent consideration liability	276,587	-	-	-	-	-	-	276,587
Total long-term liabilities	24,389,544	-	-	-	8,305,164	6,478,358	(4,875,895)	34,297,171
Total liabilities	25,665,844	94,579	79,818	1,354	9,868,989	6,594,881	(4,966,713)	37,338,752
Equity:								
Additional paid-in capital	-	-	-	-	12,000	-	(12,000)	-
Retained earnings	-	-	-	-	2,375,379	-	(2,375,379)	-
Member's equity	11,912,485	8,028,188	4,513,714	84,290	10,779,781	8,809,582	(32,215,555)	11,912,485
Total equity	11,912,485	8,028,188	4,513,714	84,290	13,167,160	8,809,582	(34,602,934)	11,912,485
Total Liabilities and Equity	\$ 37,578,329	\$ 8,122,767	\$ 4,593,532	\$ 85,644	\$ 23,036,149	\$ 15,404,463	\$ (39,569,647)	\$ 49,251,237

**ARTEMIS RESTAURANT CORP.
LFR CHICKEN, LLC
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2022**

ASSETS

	LFR Chicken	Lee's Distribution	Lee's Franchisor	Lee's Franchisor Canada Ltd.	Lee's 4-Wall LLC	LFRC RE Holdings, LLC	Elimination	LFR Chicken, LLC Total
Current Assets:								
Cash and cash equivalents	\$ 9,001,802	\$ (154,149)	\$ 480	\$ 25,581	\$ 297,557	\$ 100,000	\$ -	\$ 9,271,271
Royalties receivable	-	-	143,023	16,990	-	-	-	160,013
Proprietary product sales and allowances receivable	505,839	1,080,945	-	-	50,693	-	-	1,637,477
Other receivables	27,406	-	3,500	-	-	-	-	30,906
Intercompany amounts	203,270	-	-	-	(30,743)	(100,000)	12,732	85,259
Inventory	18,778	-	-	-	280,726	-	-	299,504
Prepaid expenses	-	-	-	-	15,752	-	-	15,752
Notes receivable	-	-	1,898	-	-	-	-	1,898
Other current assets	(8,973,132)	3,804,454	1,840,322	-	3,380,223	-	-	51,867
Total current assets	783,963	4,731,250	1,989,223	42,571	3,994,208	-	12,732	11,553,947
Property and Equipment, net	76,701	-	-	-	1,821,725	11,108,958	-	13,007,384
Other Assets:								
Investments in subsidiaries	20,551,579	-	-	-	-	-	(20,551,579)	-
Conversion incentive, net of amortization	-	-	192,500	-	-	-	-	192,500
Right of use assets, operating	120,051	-	-	-	3,493,670	-	-	3,613,721
Goodwill, net	15,338,927	-	-	-	4,242,226	-	-	19,581,153
Other long term assets	-	-	-	-	20,000	-	-	20,000
Total other assets	36,010,557	-	192,500	-	7,755,896	-	(20,551,579)	23,407,374
Total Assets	\$ 36,871,221	\$ 4,731,250	\$ 2,181,723	\$ 42,571	\$ 13,571,829	\$ 11,108,958	\$ (20,538,847)	\$ 47,968,705

LIABILITIES AND EQUITY

Current Liabilities:								
Accounts payable	\$ 50,665	\$ 143,554	\$ -	\$ -	\$ 499,735	\$ -	\$ -	\$ 693,954
Accrued payroll and compensated absences	6,303	-	-	-	93,069	-	-	99,372
Taxes payable	-	-	-	-	120,824	-	-	120,824
Current portion of notes payable	-	-	-	-	-	66,053	-	66,053
Current portion of operating lease liabilities	41,340	-	-	-	54,836	-	-	96,176
Current portion of deferred revenue	48,981	-	3,000	-	(289)	-	-	51,692
Current portion of contingent consideration liability	742,765	-	-	-	-	-	-	742,765
Total current liabilities	890,054	143,554	3,000	-	768,175	66,053	-	1,870,836
Long-Term Liabilities:								
Notes payable, less current portion	24,500,000	-	-	-	-	6,621,946	-	31,121,946
Operating lease liabilities, less current portion	75,846	-	-	-	3,494,756	-	-	3,570,602
Deferred revenue	182,875	-	-	-	-	-	-	182,875
Contingent consideration liability	166,021	-	-	-	-	-	-	166,021
Total long-term liabilities	24,924,742	-	-	-	3,494,756	6,621,946	-	35,041,444
Total liabilities	25,814,796	143,554	3,000	-	4,262,931	6,687,999	-	36,912,280
Equity:								
Additional paid-in capital	-	-	-	-	12,000	-	(12,000)	-
Retained earnings	11,056,425	-	-	-	1,779,325	-	(1,779,325)	11,056,425
Member's equity	-	4,587,696	2,178,723	42,571	7,517,573	4,420,959	(18,747,522)	-
Total equity	11,056,425	4,587,696	2,178,723	42,571	9,308,898	4,420,959	(20,538,847)	11,056,425
Total Liabilities and Equity	\$ 36,871,221	\$ 4,731,250	\$ 2,181,723	\$ 42,571	\$ 13,571,829	\$ 11,108,958	\$ (20,538,847)	\$ 47,968,705

**ARTEMIS RESTAURANT CORP.
LEE'S 4-WALL, LLC
CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2023**

ASSETS

	LFRC Ocala	LFRC Lima	LFRC Springfield	LFRC Mt. Sterling	LFRC Ft. Wayne	LFRC Sanford	Elimination	Lee's 4-Wall, LLC Total
Current Assets:								
Cash and cash equivalents	\$ 50,831	42,679	\$ 120,602	\$ 61,546	\$ 53,538	\$ (182)	\$ -	\$ 329,014
Proprietary product sales and allowances receivable	11,785	14,880	31,640	8,548	17,309	443	-	84,605
Other receivables	-	-	-	-	-	-	-	-
Intercompany amounts	17,554	(3,974)	(41,770)	-	(39,330)	(2,625)	-	(70,145)
Inventory	38,396	37,895	105,021	26,754	66,983	11,069	-	286,118
Prepaid expenses	6,812	-	-	2,888	(76)	-	-	9,624
Other current assets	1,511,799	1,762,721	2,197,211	1,070,067	1,248,176	66,524	-	7,856,498
Total current assets	<u>1,637,177</u>	<u>1,854,201</u>	<u>2,412,704</u>	<u>1,169,803</u>	<u>1,346,600</u>	<u>75,229</u>	<u>-</u>	<u>8,495,714</u>
Property and Equipment, net	<u>120,969</u>	<u>686,315</u>	<u>804,878</u>	<u>91,987</u>	<u>411,137</u>	<u>3,613</u>	<u>-</u>	<u>2,118,899</u>
Other Assets:								
Right of use assets, operating	1,963,159	1,532,459	4,786,508	-	-	-	-	8,282,126
Goodwill, net	1,702,084	-	507,211	1,566,634	69,033	274,448	-	4,119,410
Other long term assets	-	-	-	20,000	-	-	-	20,000
Total other assets	<u>3,665,243</u>	<u>1,532,459</u>	<u>5,293,719</u>	<u>1,586,634</u>	<u>69,033</u>	<u>274,448</u>	<u>-</u>	<u>12,421,536</u>
Total Assets	<u>\$ 5,423,389</u>	<u>\$ 4,072,975</u>	<u>\$ 8,511,301</u>	<u>\$ 2,848,424</u>	<u>\$ 1,826,770</u>	<u>353,290</u>	<u>\$ -</u>	<u>\$ 23,036,149</u>

LIABILITIES AND EQUITY

Current Liabilities:								
Accounts payable	\$ 172,437	\$ 92,591	\$ 511,244	\$ 111,992	\$ 224,309	\$ 48,327	\$ -	\$ 1,160,900
Accrued payroll and compensated absences	25,413	18,925	56,965	18,729	33,284	7,453	-	160,769
Taxes payable	29,800	3,507	17,686	41,879	50,935	7,714	-	151,521
Current portion of operating lease liabilities	23,435	30,506	39,008	-	-	-	-	92,949
Current portion of deferred revenue	-	9,577	(11,891)	-	-	-	-	(2,314)
Total current liabilities	<u>251,085</u>	<u>155,106</u>	<u>613,012</u>	<u>172,600</u>	<u>308,528</u>	<u>63,494</u>	<u>-</u>	<u>1,563,825</u>
Long-Term Liabilities:								
Operating lease liabilities, less current portion	<u>1,969,154</u>	<u>1,530,490</u>	<u>4,805,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,305,164</u>
Total liabilities	<u>2,220,239</u>	<u>1,685,596</u>	<u>5,418,532</u>	<u>172,600</u>	<u>308,528</u>	<u>63,494</u>	<u>-</u>	<u>9,868,989</u>
Equity:								
Additional paid-in capital	-	12,000	-	-	-	-	-	12,000
Retained earnings	-	2,375,379	-	-	-	-	-	2,375,379
Member's equity	3,203,150	-	3,092,769	2,675,824	1,518,242	289,796	-	10,779,781
Total equity	<u>3,203,150</u>	<u>2,387,379</u>	<u>3,092,769</u>	<u>2,675,824</u>	<u>1,518,242</u>	<u>289,796</u>	<u>-</u>	<u>13,167,160</u>
Total Liabilities and Equity	<u>\$ 5,423,389</u>	<u>\$ 4,072,975</u>	<u>\$ 8,511,301</u>	<u>\$ 2,848,424</u>	<u>\$ 1,826,770</u>	<u>\$ 353,290</u>	<u>\$ -</u>	<u>\$ 23,036,149</u>

**ARTEMIS RESTAURANT CORP.
LEE'S 4-WALL, LLC
CONSOLIDATING BALANCE SHEETS
December 31, 2022**

ASSETS

	LFRC Ocala	LFRC Lima	LFRC Springfield	LFRC Mt. Sterling	Elimination	Lee's 4-Wall, LLC Total
Current Assets:						
Cash and cash equivalents	\$ 29,144	\$ 43,489	\$ 111,154	\$ 113,770	\$ -	\$ 297,557
Proprietary product sales and allowances receivable	13,172	10,907	21,430	5,184	-	50,693
Other receivables	-	-	-	-	-	-
Intercompany amounts	9,514	700	(40,957)	-	-	(30,743)
Inventory	45,202	49,164	138,356	48,004	-	280,726
Prepaid expenses	-	12,500	-	3,252	-	15,752
Other current assets	1,009,350	995,441	1,164,665	210,767	-	3,380,223
Total current assets	<u>1,106,382</u>	<u>1,112,201</u>	<u>1,394,648</u>	<u>380,977</u>	<u>-</u>	<u>3,994,208</u>
Property and Equipment, net	<u>120,372</u>	<u>786,200</u>	<u>848,653</u>	<u>66,500</u>	<u>-</u>	<u>1,821,725</u>
Other Assets:						
Right of use assets, operating	687,398	1,572,681	1,233,591	-	-	3,493,670
Goodwill, net	1,917,084	-	568,828	1,756,314	-	4,242,226
Other long term assets	-	-	-	20,000	-	20,000
Total other assets	<u>2,604,482</u>	<u>1,572,681</u>	<u>1,802,419</u>	<u>1,776,314</u>	<u>-</u>	<u>7,755,896</u>
Total Assets	<u>\$ 3,831,236</u>	<u>\$ 3,471,082</u>	<u>\$ 4,045,720</u>	<u>\$ 2,223,791</u>	<u>\$ -</u>	<u>\$ 13,571,829</u>

LIABILITIES AND EQUITY

Current Liabilities:						
Accounts payable	\$ 161,852	\$ 74,166	\$ 209,095	\$ 54,622	\$ -	\$ 499,735
Accrued payroll and compensated absences	19,862	2,808	56,634	13,765	-	93,069
Taxes payable	30,785	5,331	23,768	60,940	-	120,824
Current portion of operating lease liabilities	662	26,705	27,469	-	-	54,836
Current portion of deferred revenue	-	9,751	(10,040)	-	-	(289)
Total current liabilities	<u>213,161</u>	<u>118,761</u>	<u>306,926</u>	<u>129,327</u>	<u>-</u>	<u>768,175</u>
Long-Term Liabilities:						
Operating lease liabilities, less current portion	701,666	1,560,996	1,232,094	-	-	3,494,756
Total liabilities	<u>914,827</u>	<u>1,679,757</u>	<u>1,539,020</u>	<u>129,327</u>	<u>-</u>	<u>4,262,931</u>
Equity:						
Additional paid-in capital	-	12,000	-	-	-	12,000
Retained earnings	-	1,779,325	-	-	-	1,779,325
Member's equity	2,916,409	-	2,506,700	2,094,464	-	7,517,573
Total equity	<u>2,916,409</u>	<u>1,791,325</u>	<u>2,506,700</u>	<u>2,094,464</u>	<u>-</u>	<u>9,308,898</u>
Total Liabilities and Equity	<u>\$ 3,831,236</u>	<u>\$ 3,471,082</u>	<u>\$ 4,045,720</u>	<u>\$ 2,223,791</u>	<u>\$ -</u>	<u>\$ 13,571,829</u>

LFRC RE HOLDINGS, LLC
DECEMBER 31, 2023

ASSETS

	LFRC RE Mt. Sterling	LFRC SSB LLC	LFRC RE Springfield	LFRC RE Ft. Wayne	LFRC RE Sanford	Elimination	LFRC RE Holdings, LLC Total
Current Assets:							
Cash and cash equivalents	\$ -	\$ 58,591	\$ 161,521	\$ -	\$ 1,364	\$ -	\$ 221,476
Intercompany amounts	-	(33,327)	(75,000)	-	(881)	-	(109,208)
Total current assets	-	25,264	86,521	-	483	-	112,268
Property and Equipment, net	1,152,000	3,030,628	6,661,667	3,935,004	512,896	-	15,292,195
Total Assets	<u>\$ 1,152,000</u>	<u>\$ 3,055,892</u>	<u>\$ 6,748,188</u>	<u>\$ 3,935,004</u>	<u>\$ 513,379</u>	<u>-</u>	<u>\$ 15,404,463</u>

LIABILITIES AND EQUITY

Current Liabilities:							
Taxes payable	\$ -	\$ 490	\$ -	\$ -	\$ 451	\$ -	\$ 941
Current portion of notes payable	-	32,904	82,678	-	-	-	115,582
Total current liabilities	-	33,394	82,678	-	451	-	116,523
Long-Term Liabilities:							
Notes payable, less current portion	-	1,852,380	4,625,978	-	-	-	6,478,358
Total liabilities	-	1,885,774	4,708,656	-	451	-	6,594,881
Equity:							
Member's equity	1,152,000	1,170,118	2,039,532	3,935,004	512,928	-	8,809,582
Total Liabilities and Equity	<u>\$ 1,152,000</u>	<u>\$ 3,055,892</u>	<u>\$ 6,748,188</u>	<u>\$ 3,935,004</u>	<u>\$ 513,379</u>	<u>\$ -</u>	<u>\$ 15,404,463</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING BALANCE SHEETS
LFRC RE HOLDINGS, LLC
DECEMBER 31, 2022**

	ASSETS				LFRC RE Holdings, LLC Total
	LFRC RE Mt. Sterling	LFRC SSB LLC	LFRC RE Springfield	Elimination	
Current Assets:					
Cash and cash equivalents	\$ -	\$ 25,000	\$ 75,000	\$ -	\$ 100,000
Intercompany amounts	-	(25,000)	(75,000)	-	(100,000)
Total current assets	-	-	-	-	-
Property and Equipment, net	1,184,000	3,076,625	6,848,333	-	11,108,958
Total Assets	<u>\$ 1,184,000</u>	<u>\$ 3,076,625</u>	<u>\$ 6,848,333</u>	<u>\$ -</u>	<u>\$ 11,108,958</u>
LIABILITIES AND EQUITY					
Current Liabilities:					
Taxes payable	-	-	-	-	-
Current portion of notes payable	-	18,743	47,310	-	66,053
Total current liabilities	-	18,743	47,310	-	66,053
Long-Term Liabilities:					
Notes payable, less current portion	-	1,893,257	4,728,689	-	6,621,946
Total liabilities	-	1,912,000	4,775,999	-	6,687,999
Equity:					
Member's equity	1,184,000	1,164,625	2,072,334	-	4,420,959
Total Liabilities and Equity	<u>\$ 1,184,000</u>	<u>\$ 3,076,625</u>	<u>\$ 6,848,333</u>	<u>\$ -</u>	<u>\$ 11,108,958</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
ARTEMIS RESTAURANT CORP.
YEAR ENDED DECEMBER 31, 2023**

	Artemis	LFR Chicken, LLC	Elimination	Artemis Total
Revenue:				
Proprietary product revenue	\$ -	\$ 15,065,201	\$ -	\$ 15,065,201
Royalties	-	1,191,981	-	1,191,981
Franchise, license, and development fees	-	67,273	-	67,273
Sales by company-operated restaurants	-	34,149,941	-	34,149,941
Total revenue	<u>-</u>	<u>50,474,396</u>	<u>-</u>	<u>50,474,396</u>
Cost of Sales:				
Proprietary products	-	10,942,167	-	10,942,167
Company-operated restaurant expenses -				
Food and paper	-	13,368,651	-	13,368,651
Payroll	-	9,899,246	-	9,899,246
Occupancy and other operating expenses	-	1,663,577	-	1,663,577
Total cost of sales	<u>-</u>	<u>35,873,641</u>	<u>-</u>	<u>35,873,641</u>
Gross profit	-	14,600,755	-	14,600,755
General and Administrative Expenses	<u>475,064</u>	<u>11,233,765</u>	<u>-</u>	<u>11,708,829</u>
Operating income (loss)	<u>(475,064)</u>	<u>3,366,990</u>	<u>-</u>	<u>2,891,926</u>
Other Income (Expenses):				
Administrative service income	-	360,000	-	360,000
Earnings in subsidiaries	856,060	-	(856,060)	-
Miscellaneous income	-	228,227	-	228,227
Interest expense	-	(3,099,135)	-	(3,099,135)
Total other income (expenses), net	<u>856,060</u>	<u>(2,510,908)</u>	<u>(856,060)</u>	<u>(2,510,908)</u>
Income Before Income Taxes	380,996	856,082	(856,060)	381,018
Income Tax Expense	<u>(136,000)</u>	<u>(22)</u>	<u>-</u>	<u>(136,022)</u>
Net Income	<u>\$ 244,996</u>	<u>\$ 856,060</u>	<u>\$ (856,060)</u>	<u>\$ 244,996</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
ARTEMIS RESTAURANT CORP.
YEAR ENDED DECEMBER 31, 2022**

	Artemis	LFR Chicken, LLC	Elimination	Artemis Total
Revenue:				
Proprietary product revenue	\$ -	\$ 13,297,773	\$ -	\$ 13,297,773
Royalties	-	1,081,966	-	1,081,966
Franchise, license, and development fees	-	174,335	-	174,335
Sales by company-operated restaurants	-	21,625,752	-	21,625,752
Total revenue	-	36,179,826	-	36,179,826
Cost of Sales:				
Proprietary products	-	9,661,670	-	9,661,670
Company-operated restaurant expenses -				
Food and paper	-	8,680,056	-	8,680,056
Payroll	-	6,136,297	-	6,136,297
Occupancy and other operating expenses	-	1,105,550	-	1,105,550
Total cost of sales	-	25,583,573	-	25,583,573
Gross profit	-	10,596,253	-	10,596,253
General and Administrative Expenses	216,804	9,462,615	-	9,679,419
Operating income (loss)	(216,804)	1,133,638	-	916,834
Other Income (Expenses):				
Administrative service income	-	309,165	-	309,165
Earnings in subsidiaries	(304,651)	-	304,651	-
Miscellaneous income	-	130,456	-	130,456
Interest expense	-	(1,877,769)	-	(1,877,769)
Total other expenses, net	(304,651)	(1,438,148)	304,651	(1,438,148)
Loss Before Income Taxes	(521,455)	(304,510)	304,651	(521,314)
Income Tax Benefit	87,625	(141)	-	87,484
Net Loss	\$ (433,830)	\$ (304,651)	\$ 304,651	\$ (433,830)

ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
ARTEMIS RESTAURANT CORP.
FROM MAY 6, 2021 (INCEPTION) TO DECEMBER 31, 2021

	Artemis	LFR Chicken, LLC	Elimination	Artemis Total
Revenue:				
Proprietary product revenue	\$ -	\$ 6,377,457	\$ -	\$ 6,377,457
Royalties	-	540,737	-	540,737
Franchise, license, and development fees	-	7,500	-	7,500
Sales by company-operated restaurants	-	1,508,102	-	1,508,102
Total revenue	<u>-</u>	<u>8,433,796</u>	<u>-</u>	<u>8,433,796</u>
Cost of Sales:				
Proprietary products	-	4,523,242	-	4,523,242
Company-operated restaurant expenses -				
Food and paper	-	554,031	-	554,031
Payroll	-	425,501	-	425,501
Occupancy and other operating expenses	-	77,049	-	77,049
Total cost of sales	<u>-</u>	<u>5,579,823</u>	<u>-</u>	<u>5,579,823</u>
Gross profit	-	2,853,973	-	2,853,973
General and Administrative Expenses	<u>423,939</u>	<u>2,798,567</u>	<u>-</u>	<u>3,222,506</u>
Operating income (loss)	<u>(423,939)</u>	<u>55,406</u>	<u>-</u>	<u>(368,533)</u>
Other Income (Expenses):				
Administrative service income	-	102,890	-	102,890
Earnings in subsidiaries	(113,924)	-	113,924	-
Miscellaneous income	-	41,357	-	41,357
Interest expense	-	(313,577)	-	(313,577)
Total other income (expenses), net	<u>(113,924)</u>	<u>(169,330)</u>	<u>113,924</u>	<u>(169,330)</u>
Income (Loss) Before Income Taxes	<u>(537,863)</u>	<u>(113,924)</u>	<u>113,924</u>	<u>(537,863)</u>
Income Tax Benefit	<u>132,000</u>	<u>-</u>	<u>-</u>	<u>132,000</u>
Net Income (Loss)	<u>\$ (405,863)</u>	<u>\$ (113,924)</u>	<u>\$ 113,924</u>	<u>\$ (405,863)</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LFR CHICKEN, LLC
YEAR ENDED DECEMBER 31, 2023**

	LFR Chicken	Lee's Distribution	Lee's Franchisor	Lee's Franchisor Canada Ltd.	Lee's 4-Wall LLC	LFRC RE Holdings, LLC	Elimination	LFR Chicken, LLC Total
Revenue:								
Proprietary product revenue	\$ 715,552	\$ 14,349,649	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,065,201
Royalties	-	-	2,308,336	37,675	-	-	(1,154,030)	1,191,981
Franchise, license, and development fees	-	-	67,273	-	-	-	-	67,273
Sales by company-operated restaurants	-	-	-	-	34,149,941	-	-	34,149,941
Total revenue	<u>715,552</u>	<u>14,349,649</u>	<u>2,375,609</u>	<u>37,675</u>	<u>34,149,941</u>	<u>-</u>	<u>(1,154,030)</u>	<u>50,474,396</u>
Cost of Sales:								
Proprietary products	11,777	10,930,390	-	-	-	-	-	10,942,167
Company-operated restaurant expenses -								
Food and paper	-	-	-	-	13,368,651	-	-	13,368,651
Payroll	-	-	-	-	9,899,246	-	-	9,899,246
Occupancy and other operating expenses	-	-	-	-	3,372,790	-	(1,709,213)	1,663,577
Total cost of sales	<u>11,777</u>	<u>10,930,390</u>	<u>-</u>	<u>-</u>	<u>26,640,687</u>	<u>-</u>	<u>(1,709,213)</u>	<u>35,873,641</u>
Gross profit	703,775	3,419,259	2,375,609	37,675	7,509,254	-	555,183	14,600,755
General and Administrative Expenses	<u>6,402,155</u>	<u>(21,233)</u>	<u>40,636</u>	<u>725</u>	<u>4,490,837</u>	<u>320,645</u>	<u>-</u>	<u>11,233,765</u>
Operating income (loss)	<u>(5,698,380)</u>	<u>3,440,492</u>	<u>2,334,973</u>	<u>36,950</u>	<u>3,018,417</u>	<u>(320,645)</u>	<u>555,183</u>	<u>3,366,990</u>
Other Income (Expenses):								
Administrative service income	360,000	-	-	-	-	-	-	360,000
Earnings in subsidiaries	8,792,514	-	-	-	-	-	(8,792,514)	-
Miscellaneous income	151,233	-	18	4,769	71,294	556,096	(555,183)	228,227
Interest expense	(2,749,307)	-	-	-	-	(349,828)	-	(3,099,135)
Total other income, net	<u>6,554,440</u>	<u>-</u>	<u>18</u>	<u>4,769</u>	<u>71,294</u>	<u>206,268</u>	<u>(9,347,697)</u>	<u>(2,510,908)</u>
Income (Loss) Before Income Taxes	<u>856,060</u>	<u>3,440,492</u>	<u>2,334,991</u>	<u>41,719</u>	<u>3,089,711</u>	<u>(114,377)</u>	<u>(8,792,514)</u>	<u>856,082</u>
Income Tax Benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>-</u>	<u>-</u>	<u>(22)</u>
Net Income (Loss)	<u>\$ 856,060</u>	<u>\$ 3,440,492</u>	<u>\$ 2,334,991</u>	<u>\$ 41,719</u>	<u>\$ 3,089,689</u>	<u>\$ (114,377)</u>	<u>\$ (8,792,514)</u>	<u>\$ 856,060</u>

ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LFR CHICKEN, LLC
YEAR ENDED DECEMBER 31, 2022

	LFR Chicken	Lee's Distribution	Lee's Franchisor	Lee's Franchisor Canada Ltd.	Lee's 4-Wall LLC	LFRC RE Holdings, LLC	Elimination	LFR Chicken, LLC Total
Revenue:								
Proprietary product revenue	\$ 555,513	\$ 12,742,260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,297,773
Royalties	-	-	1,779,338	16,990	-	-	(714,362)	1,081,966
Franchise, license, and development fees	-	-	148,909	25,426	-	-	-	174,335
Sales by company-operated restaurants	-	-	-	-	21,625,752	-	-	21,625,752
Total revenue	<u>555,513</u>	<u>12,742,260</u>	<u>1,928,247</u>	<u>42,416</u>	<u>21,625,752</u>	<u>-</u>	<u>(714,362)</u>	<u>36,179,826</u>
Cost of Sales:								
Proprietary products	6,975	9,654,695	-	-	-	-	-	9,661,670
Company-operated restaurant expenses -								
Food and paper	-	-	-	-	8,680,056	-	-	8,680,056
Payroll	-	-	-	-	6,136,297	-	-	6,136,297
Occupancy and other operating expenses	-	-	-	-	1,819,912	-	(714,362)	1,105,550
Total cost of sales	<u>6,975</u>	<u>9,654,695</u>	<u>-</u>	<u>-</u>	<u>16,636,265</u>	<u>-</u>	<u>(714,362)</u>	<u>25,583,573</u>
Gross profit	548,538	3,087,565	1,928,247	42,416	4,989,487	-	-	10,596,253
General and Administrative Expenses	<u>6,325,837</u>	<u>29,471</u>	<u>40,143</u>	<u>130</u>	<u>2,754,154</u>	<u>312,880</u>	<u>-</u>	<u>9,462,615</u>
Operating income (loss)	<u>(5,777,299)</u>	<u>3,058,094</u>	<u>1,888,104</u>	<u>42,286</u>	<u>2,235,333</u>	<u>(312,880)</u>	<u>-</u>	<u>1,133,638</u>
Other Income (Expenses):								
Administrative service income	309,165	-	-	-	-	-	-	309,165
Earnings in subsidiaries	6,960,138	-	-	-	-	-	(6,960,138)	-
Miscellaneous income	80,518	-	245	285	49,408	-	-	130,456
Interest expense	(1,863,975)	-	-	-	(102)	(13,692)	-	(1,877,769)
Total other income (expenses), net	<u>5,485,846</u>	<u>-</u>	<u>245</u>	<u>285</u>	<u>49,306</u>	<u>(13,692)</u>	<u>(6,960,138)</u>	<u>(1,438,148)</u>
Income (Loss) Before Income Taxes	<u>(291,453)</u>	<u>3,058,094</u>	<u>1,888,349</u>	<u>42,571</u>	<u>2,284,639</u>	<u>(326,572)</u>	<u>(6,960,138)</u>	<u>(304,510)</u>
Income Tax Benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(141)</u>	<u>-</u>	<u>-</u>	<u>(141)</u>
Net Income (Loss)	<u>\$ (291,453)</u>	<u>\$ 3,058,094</u>	<u>\$ 1,888,349</u>	<u>\$ 42,571</u>	<u>\$ 2,284,498</u>	<u>\$ (326,572)</u>	<u>\$ (6,960,138)</u>	<u>\$ (304,651)</u>

ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LFR CHICKEN, LLC
FROM MAY 6, 2021 (INCEPTION) TO DECEMBER 31, 2021

	LFR Chicken	Lee's Distribution	Lee's Franchisor	Lee's 4-Wall LLC	Elimination	LFR Chicken, LLC Total
Revenue:						
Proprietary product revenue	\$ 307,210	\$ 6,070,247	\$ -	\$ -	\$ -	\$ 6,377,457
Royalties	-	-	540,737	-	-	540,737
Franchise, license, and development fees	-	-	7,500	-	-	7,500
Sales by company-operated restaurants	-	-	-	1,508,102	-	1,508,102
Total revenue	<u>307,210</u>	<u>6,070,247</u>	<u>548,237</u>	<u>1,508,102</u>	<u>-</u>	<u>8,433,796</u>
Cost of Sales:						
Proprietary products	4,368	4,518,874	-	-	-	4,523,242
Company-operated restaurant expenses -						
Food and paper	-	-	-	554,031	-	554,031
Payroll	-	-	-	425,501	-	425,501
Occupancy and other operating expenses	-	-	-	77,049	-	77,049
Total cost of sales	<u>4,368</u>	<u>4,518,874</u>	<u>-</u>	<u>1,056,581</u>	<u>-</u>	<u>5,579,823</u>
Gross profit	302,842	1,551,373	548,237	451,521	-	2,853,973
General and Administrative Expenses	<u>2,326,438</u>	<u>1,129</u>	<u>15,826</u>	<u>455,174</u>	<u>-</u>	<u>2,798,567</u>
Operating income (loss)	<u>(2,023,596)</u>	<u>1,550,244</u>	<u>532,411</u>	<u>(3,653)</u>	<u>-</u>	<u>55,406</u>
Other Income (Expenses):						
Administrative service income	102,890	-	-	-	-	102,890
Earnings in subsidiaries	2,088,387	-	-	-	(2,088,387)	-
Miscellaneous income	31,972	-	253	9,132	-	41,357
Interest expense	(313,577)	-	-	-	-	(313,577)
Total other income (expenses), net	<u>1,909,672</u>	<u>-</u>	<u>253</u>	<u>9,132</u>	<u>(2,088,387)</u>	<u>(169,330)</u>
Income (Loss) Before Income Taxes	<u>(113,924)</u>	<u>1,550,244</u>	<u>532,664</u>	<u>5,479</u>	<u>(2,088,387)</u>	<u>(113,924)</u>
Income Tax Benefit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ (113,924)</u>	<u>\$ 1,550,244</u>	<u>\$ 532,664</u>	<u>\$ 5,479</u>	<u>\$ (2,088,387)</u>	<u>\$ (113,924)</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LEE'S 4-WALL, LLC
YEAR ENDED DECEMBER 31, 2023**

	LFRC Ocala	LFRC Lima	LFRC Springfield	LFRC Mt. Sterling	LFRC Ft. Wayne	LFRC Sanford	Elimination	Lee's 4-Wall, LLC Total
Revenue:								
Sales by company-operated restaurants	\$ 4,993,934	\$ 5,410,910	\$ 12,581,413	\$ 4,184,800	\$ 6,799,462	\$ 179,422	\$ -	\$ 34,149,941
Cost of Sales:								
Company-operated restaurant expenses -								
Food and paper	1,895,194	2,040,125	4,949,389	1,692,530	2,736,196	55,217	-	13,368,651
Payroll	1,426,583	1,390,798	3,947,304	1,111,442	1,942,713	80,406	-	9,899,246
Occupancy and other operating expenses	618,442	643,922	1,530,311	315,620	250,271	14,224	-	3,372,790
Total cost of sales	<u>3,940,219</u>	<u>4,074,845</u>	<u>10,427,004</u>	<u>3,119,592</u>	<u>4,929,180</u>	<u>149,847</u>	<u>-</u>	<u>26,640,687</u>
Gross profit	1,053,715	1,336,065	2,154,409	1,065,208	1,870,282	29,575	-	7,509,254
General and Administrative Expenses	<u>778,909</u>	<u>749,165</u>	<u>1,595,203</u>	<u>489,451</u>	<u>850,314</u>	<u>27,795</u>	<u>-</u>	<u>4,490,837</u>
Operating income	<u>274,806</u>	<u>586,900</u>	<u>559,206</u>	<u>575,757</u>	<u>1,019,968</u>	<u>1,780</u>	<u>-</u>	<u>3,018,417</u>
Other Income (Expenses):								
Miscellaneous income	11,935	9,154	26,885	5,603	17,274	443	-	71,294
Interest expense	-	-	-	-	-	-	-	-
Total other income, net	<u>11,935</u>	<u>9,154</u>	<u>26,885</u>	<u>5,603</u>	<u>17,274</u>	<u>443</u>	<u>-</u>	<u>71,294</u>
Income Before Income Taxes	286,741	596,054	586,091	581,360	1,037,242	2,223	-	3,089,711
Income Tax Expense	<u>-</u>	<u>-</u>	<u>(22)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22)</u>
Net Income	<u>\$ 286,741</u>	<u>\$ 596,054</u>	<u>\$ 586,069</u>	<u>\$ 581,360</u>	<u>\$ 1,037,242</u>	<u>\$ 2,223</u>	<u>\$ -</u>	<u>\$ 3,089,689</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LEE'S 4-WALL, LLC
YEAR ENDED DECEMBER 31, 2022**

	LFRC Ocala	LFRC Lima	LFRC Springfield	LFRC Mt. Sterling	Elimination	Lee's 4-Wall, LLC Total
Revenue:						
Sales by company-operated restaurants	\$ 4,804,677	\$ 5,481,993	\$ 9,222,326	\$ 2,116,756	\$ -	\$ 21,625,752
Cost of Sales:						
Company-operated restaurant expenses -						
Food and paper	1,825,539	2,183,192	3,748,972	922,353	-	8,680,056
Payroll	1,427,942	1,237,142	2,882,530	588,683	-	6,136,297
Occupancy and other operating expenses	425,379	607,673	663,501	123,359	-	1,819,912
Total cost of sales	<u>3,678,860</u>	<u>4,028,007</u>	<u>7,295,003</u>	<u>1,634,395</u>	<u>-</u>	<u>16,636,265</u>
Gross profit	1,125,817	1,453,986	1,927,323	482,361	-	4,989,487
General and Administrative Expenses	<u>788,099</u>	<u>660,169</u>	<u>1,005,640</u>	<u>300,246</u>	<u>-</u>	<u>2,754,154</u>
Operating income	<u>337,718</u>	<u>793,817</u>	<u>921,683</u>	<u>182,115</u>	<u>-</u>	<u>2,235,333</u>
Other Income (Expenses):						
Miscellaneous income	13,156	8,138	22,930	5,184	-	49,408
Interest expense	-	(102)	-	-	-	(102)
Total other income, net	<u>13,156</u>	<u>8,036</u>	<u>22,930</u>	<u>5,184</u>	<u>-</u>	<u>49,306</u>
Income Before Income Taxes	350,874	801,853	944,613	187,299	-	2,284,639
Income Tax Expense	<u>-</u>	<u>(141)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(141)</u>
Net Income	<u>\$ 350,874</u>	<u>\$ 801,712</u>	<u>\$ 944,613</u>	<u>\$ 187,299</u>	<u>\$ -</u>	<u>\$ 2,284,498</u>

ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LEE'S 4-WALL, LLC
FROM MAY 6, 2021 (INCEPTION) TO DECEMBER 31, 2021

	LFRC Ocala	LFRC Lima	Elimination	Lee's 4-Wall, LLC Total
Revenue:				
Sales by company-operated restaurants	\$ 452,994	\$ 1,055,108	\$ -	\$ 1,508,102
Cost of Sales:				
Company-operated restaurant expenses -				
Food and paper	168,729	385,302	-	554,031
Payroll	125,602	299,899	-	425,501
Occupancy and other operating expenses	22,657	54,392	-	77,049
Total cost of sales	<u>316,988</u>	<u>739,593</u>	<u>-</u>	<u>1,056,581</u>
Gross profit	136,006	315,515	-	451,521
General and Administrative Expenses	<u>84,988</u>	<u>370,186</u>	<u>-</u>	<u>455,174</u>
Operating income (loss)	<u>51,018</u>	<u>(54,671)</u>	<u>-</u>	<u>(3,653)</u>
Other Income (Expenses):				
Miscellaneous income	1,104	8,028	-	9,132
Interest expense	-	-	-	-
Total other income, net	<u>1,104</u>	<u>8,028</u>	<u>-</u>	<u>9,132</u>
Income (Loss) Before Income Taxes	52,122	(46,643)	-	5,479
Income Tax Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss)	<u>\$ 52,122</u>	<u>\$ (46,643)</u>	<u>\$ -</u>	<u>\$ 5,479</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LFRC RE HOLDINGS, LLC
YEAR ENDED DECEMBER 31, 2023**

	LFRC RE Mt. Sterling	LFRC SSB LLC	LFRC RE Springfield	LFRC RE Ft. Wayne	LFRC RE Sanford	Elimination	LFRC RE Holdings, LLC Total
General and Administrative Expenses	\$ 32,000	\$ 45,997	\$ 186,667	\$ 47,996	\$ 7,985	\$ -	\$ 320,645
Operating loss	(32,000)	(45,997)	(186,667)	(47,996)	(7,985)	-	(320,645)
Other Income (Expenses):							
Miscellaneous income	-	152,183	403,000	-	913	-	556,096
Interest expense	-	(100,693)	(249,135)	-	-	-	(349,828)
Total other income , net	-	51,490	153,865	-	913	-	206,268
Net Income (Loss)	<u>\$ (32,000)</u>	<u>\$ 5,493</u>	<u>\$ (32,802)</u>	<u>\$ (47,996)</u>	<u>\$ (7,072)</u>	<u>\$ -</u>	<u>\$ (114,377)</u>

**ARTEMIS RESTAURANT CORP.
CONSOLIDATING STATEMENT OF OPERATIONS
LFRC RE HOLDINGS, LLC
YEAR ENDED DECEMBER 31, 2022**

	LFRC RE Mt. Sterling	LFRC SSB LLC	LFRC RE Springfield	Elimination	LFRC RE Holdings, LLC Total
General and Administrative Expenses	\$ 16,000	\$ 59,815	\$ 237,065	\$ -	\$ 312,880
Operating loss	(16,000)	(59,815)	(237,065)	-	(312,880)
Other Income (Expenses):					
Miscellaneous income	-	-	-	-	-
Interest expense	-	(3,941)	(9,751)	-	(13,692)
Total other expenses, net	-	(3,941)	(9,751)	-	(13,692)
Net Loss	<u>\$ (16,000)</u>	<u>\$ (63,756)</u>	<u>\$ (246,816)</u>	<u>\$ -</u>	<u>\$ (326,572)</u>

ARTEMIS RESTAURANT CORP.
SCHEDULE OF OPERATIONS BY LOCATION - OCALA
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	Year ended December 31, 2023				Year ended December 31, 2022				From November 29, 2021 (acquisition) to December 31, 2021			
	Ocala 207345	Ocala 207346	Ocala Admin	Total	Ocala 207345	Ocala 207346	Ocala Admin	Total	Ocala 207345	Ocala 207346	Ocala Admin	Total
Revenue:												
Sales by company-operated restaurants	\$ 3,322,127	\$ 1,671,803	\$ 4	\$ 4,993,934	\$ 3,134,669	\$ 1,670,008	\$ -	\$ 4,804,677	\$ 302,363	\$ 150,631	\$ -	\$ 452,994
Cost of Sales:												
Company-operated restaurant expenses -												
Food and paper	1,252,290	642,904	-	1,895,194	1,181,307	644,232	-	1,825,539	113,653	55,076	-	168,729
Payroll	762,961	458,558	205,064	1,426,583	723,358	524,038	180,546	1,427,942	62,718	43,518	19,366	125,602
Occupancy and other operating expenses	378,799	208,254	31,389	618,442	215,613	208,316	1,450	425,379	6,704	15,953	-	22,657
Total cost of sales	<u>2,394,050</u>	<u>1,309,716</u>	<u>236,453</u>	<u>3,940,219</u>	<u>2,120,278</u>	<u>1,376,586</u>	<u>181,996</u>	<u>3,678,860</u>	<u>183,075</u>	<u>114,547</u>	<u>19,366</u>	<u>316,988</u>
Gross profit (loss)	928,077	362,087	(236,449)	1,053,715	1,014,391	293,422	(181,996)	1,125,817	119,288	36,084	(19,366)	136,006
General and Administrative Expenses	<u>354,624</u>	<u>200,732</u>	<u>223,553</u>	<u>778,909</u>	<u>331,169</u>	<u>179,145</u>	<u>277,785</u>	<u>788,099</u>	<u>17,097</u>	<u>14,301</u>	<u>53,590</u>	<u>84,988</u>
Operating income (loss)	<u>573,453</u>	<u>161,355</u>	<u>(460,002)</u>	<u>274,806</u>	<u>683,222</u>	<u>114,277</u>	<u>(459,781)</u>	<u>337,718</u>	<u>102,191</u>	<u>21,783</u>	<u>(72,956)</u>	<u>51,018</u>
Other Income:												
Miscellaneous income	7,495	4,440	-	11,935	8,254	4,902	-	13,156	804	300	-	1,104
Net Income (Loss)	<u>\$ 580,948</u>	<u>\$ 165,795</u>	<u>\$ (460,002)</u>	<u>\$ 286,741</u>	<u>\$ 691,476</u>	<u>\$ 119,179</u>	<u>\$ (459,781)</u>	<u>\$ 350,874</u>	<u>\$ 102,995</u>	<u>\$ 22,083</u>	<u>\$ (72,956)</u>	<u>\$ 52,122</u>

ARTEMIS RESTAURANT CORP.
SCHEDULE OF OPERATIONS BY LOCATION - LIMA
FOR THE YEARS AND PERIOD ENDED DECEMBER 31, 2023, 2022 AND 2021

	Year ended December 31, 2023				Year ended December 31, 2022				From October 18, 2021 (acquisition) to December 31, 2021			
	Lima 207562	Lima 207563	Lima Admin	Total	Lima 207562	Lima 207563	Lima Admin	Total	Lima 207562	Lima 207563	Lima Admin	Total
Revenue:												
Sales by company-operated restaurants	\$ 2,703,610	\$ 2,703,580	\$ 3,720	\$ 5,410,910	\$ 2,895,408	\$ 2,587,635	\$ (1,050)	\$ 5,481,993	\$ 582,255	\$ 473,903	\$ (1,050)	\$ 1,055,108
Cost of Sales:												
Company-operated restaurant expenses -												
Food and paper	1,045,211	995,120	(206)	2,040,125	1,182,599	1,000,593	-	2,183,192	215,540	169,762	-	385,302
Payroll	713,523	677,275	-	1,390,798	596,186	638,695	2,261	1,237,142	158,359	142,420	(880)	299,899
Occupancy and other operating expenses	311,218	303,457	29,247	643,922	304,762	277,989	24,922	607,673	46,537	2,370	5,485	54,392
Total cost of sales	<u>2,069,952</u>	<u>1,975,852</u>	<u>29,041</u>	<u>4,074,845</u>	<u>2,083,547</u>	<u>1,917,277</u>	<u>27,183</u>	<u>4,028,007</u>	<u>420,436</u>	<u>314,552</u>	<u>4,605</u>	<u>739,593</u>
Gross profit (loss)	633,658	727,728	(25,321)	1,336,065	811,861	670,358	(28,233)	1,453,986	161,819	159,351	(5,655)	315,515
General and Administrative Expenses	314,448	301,189	133,528	749,165	276,412	250,340	133,417	660,169	172,355	165,679	32,152	370,186
Operating income (loss)	<u>319,210</u>	<u>426,539</u>	<u>(158,849)</u>	<u>586,900</u>	<u>535,449</u>	<u>420,018</u>	<u>(161,650)</u>	<u>793,817</u>	<u>(10,536)</u>	<u>(6,328)</u>	<u>(37,807)</u>	<u>(54,671)</u>
Other Income (Expenses):												
Miscellaneous income	3,380	5,774	-	9,154	4,263	3,875	-	8,138	4,577	3,451	-	8,028
Interest expense	-	-	-	-	-	-	(102)	(102)	-	-	-	-
Total other income (expenses), net	<u>3,380</u>	<u>5,774</u>	<u>-</u>	<u>9,154</u>	<u>4,263</u>	<u>3,875</u>	<u>(102)</u>	<u>8,036</u>	<u>4,577</u>	<u>3,451</u>	<u>-</u>	<u>8,028</u>
Income (Loss) Before Income Taxes	322,590	432,313	(158,849)	596,054	539,712	423,893	(161,752)	801,853	(5,959)	(2,877)	(37,807)	(46,643)
Income Tax Benefit	-	-	-	-	-	-	(141)	(141)	-	-	-	-
Net Income (Loss)	<u>\$ 322,590</u>	<u>\$ 432,313</u>	<u>\$ (158,849)</u>	<u>\$ 596,054</u>	<u>\$ 539,712</u>	<u>\$ 423,893</u>	<u>\$ (161,893)</u>	<u>\$ 801,712</u>	<u>\$ (5,959)</u>	<u>\$ (2,877)</u>	<u>\$ (37,807)</u>	<u>\$ (46,643)</u>

ARTEMIS RESTAURANT CORP.
SCHEDULE OF OPERATIONS BY LOCATION - SPRINGFIELD
FOR THE YEAR AND PERIOD ENDED DECEMBER 31, 2023 AND 2022

Year ended December 31, 2023									
	Springfield 207407	Springfield 207425	Springfield 207427	Springfield 207428	Springfield 261226	Springfield 300004	Springfield 300014	Springfield Admin	Total
Revenue:									
Sales by company-operated restaurants	\$ 2,101,816	\$ 1,412,311	\$ 1,596,930	\$ 2,032,644	\$ 1,983,029	\$ 1,757,769	\$ 1,695,419	\$ 1,495	\$ 12,581,413
Cost of Sales:									
Company-operated restaurant expenses -									
Food and paper	808,038	576,899	654,201	757,840	772,822	665,360	633,371	80,858	4,949,389
Payroll	654,434	495,109	537,228	593,548	565,898	566,498	547,323	(12,734)	3,947,304
Occupancy and other operating expenses	244,164	150,444	141,384	231,360	230,226	241,345	221,690	69,698	1,530,311
Total cost of sales	<u>1,706,636</u>	<u>1,222,452</u>	<u>1,332,813</u>	<u>1,582,748</u>	<u>1,568,946</u>	<u>1,473,203</u>	<u>1,402,384</u>	<u>137,822</u>	<u>10,427,004</u>
Gross profit (loss)	395,180	189,859	264,117	449,896	414,083	284,566	293,035	(136,327)	2,154,409
General and Administrative Expenses	<u>203,484</u>	<u>163,603</u>	<u>159,781</u>	<u>202,138</u>	<u>201,876</u>	<u>181,556</u>	<u>198,451</u>	<u>284,314</u>	<u>1,595,203</u>
Operating income (loss)	<u>191,696</u>	<u>26,256</u>	<u>104,336</u>	<u>247,758</u>	<u>212,207</u>	<u>103,010</u>	<u>94,584</u>	<u>(420,641)</u>	<u>559,206</u>
Other Income:									
Miscellaneous income	4,796	2,831	3,229	3,532	4,547	3,731	4,219	-	26,885
Income Before Income Taxes	196,492	29,087	107,565	251,290	216,754	106,741	98,803	(420,641)	586,091
Income Tax Benefit	-	-	-	-	-	-	-	(22)	(22)
Net Income (Loss)	<u>\$ 196,492</u>	<u>\$ 29,087</u>	<u>\$ 107,565</u>	<u>\$ 251,290</u>	<u>\$ 216,754</u>	<u>\$ 106,741</u>	<u>\$ 98,803</u>	<u>\$ (420,663)</u>	<u>\$ 586,069</u>

From April 12, 2022 (acquisition) to December 31, 2022									
	Springfield 207407	Springfield 207425	Springfield 207427	Springfield 207428	Springfield 261226	Springfield 300004	Springfield 300014	Springfield Admin	Total
Revenue:									
Sales by company-operated restaurants	\$ 1,521,757	\$ 1,033,174	1,147,973	\$ 1,544,586	\$ 1,447,415	\$ 1,330,387	\$ 1,196,664	\$ 370	\$ 9,222,326
Cost of Sales:									
Company-operated restaurant expenses -									
Food and paper	612,342	451,950	474,961	594,675	596,417	528,729	489,557	341	3,748,972
Payroll	469,254	360,147	388,865	426,157	412,497	414,672	434,567	(23,629)	2,882,530
Occupancy and other operating expenses	71,421	92,985	83,283	138,351	71,004	91,138	55,145	60,174	663,501
Total cost of sales	<u>1,153,017</u>	<u>905,082</u>	<u>947,109</u>	<u>1,159,183</u>	<u>1,079,918</u>	<u>1,034,539</u>	<u>979,269</u>	<u>36,886</u>	<u>7,295,003</u>
Gross profit	368,740	128,092	200,864	385,403	367,497	295,848	217,395	(36,516)	1,927,323
General and Administrative Expenses	<u>113,954</u>	<u>89,780</u>	<u>105,262</u>	<u>115,566</u>	<u>112,194</u>	<u>99,626</u>	<u>86,818</u>	<u>282,440</u>	<u>1,005,640</u>
Operating income (loss)	<u>254,786</u>	<u>38,312</u>	<u>95,602</u>	<u>269,837</u>	<u>255,303</u>	<u>196,222</u>	<u>130,577</u>	<u>(318,956)</u>	<u>921,683</u>
Other Income:									
Miscellaneous income	3,524	2,177	2,449	4,384	3,835	3,458	3,103	-	22,930
Net Income (Loss)	<u>\$ 258,310</u>	<u>\$ 40,489</u>	<u>\$ 98,051</u>	<u>\$ 274,221</u>	<u>\$ 259,138</u>	<u>\$ 199,680</u>	<u>\$ 133,680</u>	<u>\$ (318,956)</u>	<u>\$ 944,613</u>

ARTEMIS RESTAURANT CORP.
SCHEDULE OF OPERATIONS BY LOCATION - FT. WAYNE
FOR THE PERIOD ENDED DECEMBER 31, 2023

	From January 29, 2023 (acquisition) to December 31, 2023					
	Ft. Wayne 207548	Ft. Wayne 207550	Ft. Wayne 207551	Ft. Wayne 207009	Ft. Wayne Admin	Total
Revenue:						
Sales by company-operated restaurants	\$ 1,732,095	\$ 1,665,194	\$ 1,962,702	\$ 1,439,468	\$ 3	\$ 6,799,462
Cost of Sales:						
Company-operated restaurant expenses -						
Food and paper	677,579	728,709	697,023	577,934	54,951	2,736,196
Payroll	519,197	474,630	547,892	401,005	(11)	1,942,713
Occupancy and other operating expenses	63,869	64,269	60,303	51,664	10,166	250,271
Total cost of sales	<u>1,260,645</u>	<u>1,267,608</u>	<u>1,305,218</u>	<u>1,030,603</u>	<u>65,106</u>	<u>4,929,180</u>
Gross profit (loss)	471,450	397,586	657,484	408,865	(65,103)	1,870,282
General and Administrative Expenses	<u>180,068</u>	<u>179,463</u>	<u>136,769</u>	<u>142,654</u>	<u>211,360</u>	<u>850,314</u>
Operating income (loss)	<u>291,382</u>	<u>218,123</u>	<u>520,715</u>	<u>266,211</u>	<u>(276,463)</u>	<u>1,019,968</u>
Other Income:						
Miscellaneous income	<u>4,587</u>	<u>4,107</u>	<u>4,331</u>	<u>3,992</u>	<u>257</u>	<u>17,274</u>
Net Income (Loss)	<u>\$ 295,969</u>	<u>\$ 222,230</u>	<u>\$ 525,046</u>	<u>\$ 270,203</u>	<u>\$ (276,206)</u>	<u>\$ 1,037,242</u>

EXHIBIT D
FRANCHISEES AS OF DECEMBER 31, 2024

ALABAMA

Address	City	State	Zip	Type	Franchisee Contact	Phone
511 Highway 78 West	Jasper	AL	35501	Licensed	Hixen, Timothy	205-384-4206

GEORGIA

Address	City	State	Zip	Type	Franchisee Contact	Phone
PO Box 157, 5006 10 th Ave	Eastman	GA	31023	Franchised	Coleman, Terry**	478-231-8300

ILLINOIS

Address	City	State	Zip	Type	Franchisee Contact	Phone
501 North Gilbert Street	Danville	IL	61832	Licensed	Diveley, Steve	217-446-6999

INDIANA

Address	City	State	Zip	Type	Franchisee Contact	Phone
20 East 29th Street	Anderson	IN	46016	Licensed	Moody, Keith	765-425-0158
1012 Grand Avenue	Connersville	IN	47331	Licensed	Bell, Van	765-966-7615
2350 Landmark Avenue	Corydon	IN	47112	Licensed	Smith, Mark	502-648-8620
2710 N. Wheeling Avenue	Muncie	IN	47303	Licensed	Bell, Van	765-966-7615
728 Rolling Creek Drive	New Albany	IN	47150	Licensed	Smith, Mark	502-648-8620
341 Trojan Lane	New Castle	IN	47362	Licensed	Fort, Mike	765-529-2779
1801 East Main Street	Richmond	IN	47374	Licensed	Bell, Van	765-966-7615
2410 National Road West	Richmond	IN	47374	Licensed	Bell, Van	765-966-7615

KENTUCKY

Address	City	State	Zip	Type	Franchisee Contact	Phone
706 Tennessee Road	Albany	KY	42602	Franchised	Keith, Wayne	606-387-8639
108 West John Rowan Blvd.	Bardstown	KY	40004	Licensed	Newton, B. J.	502-331-8249
33 Donner Meyer Drive	Bellevue	KY	41073	Licensed	Gagen, Kelli	513-272-4100
339 Paint Lick Road	Berea	KY	40403	Licensed	Carter, Steve	859-986-4522
501 E Broadway Street	Campbellsville	KY	42718	Licensed	Newton, B. J.	502-331-8249
1420 Masters Street	Corbin	KY	40701	Licensed	Newnham, Chuck & Mindy	606-528-4612
602 Scott Street	Covington	KY	41011	Licensed	Gagen, Kelli	513-272-4100
610 South Fourth Street	Danville	KY	40422	Licensed	Newton, Justin	270-465-5698
1210 Ridgeway Avenue	Falmouth	KY	41040	Franchised	Phuyal, Sumitra	859-654-2800
6805 Burlington Pike	Florence	KY	41042	Licensed	Gagen, Kelli	513-272-4100
214 South Main Street	Greensburg	KY	42743	Franchised	Rogers, Dana	247-469-5872
313 South College Street	Harrodsburg	KY	40330	Licensed	Claycomb, Jeff	859-734-7535
1079 Morton Boulevard	Hazard	KY	41701	Licensed	Moore, Bill	606-439-1971
803 South Lincoln Boulevard	Hodgenville	KY	42748	Licensed	Rogers, Dana	247-469-5872
674 North Main	Jamestown	KY	42629	Licensed	Helton, Tresa	270-866-1671
830 Stanford Road	Lancaster	KY	40444	Franchised	Shearer, Elaine	859-792-2240
3719 Winston Avenue	Latonia	KY	41015	Licensed	Gagen, Kelli	513-272-4100
101 West Park Shopping Ctr	Lawrenceburg	KY	40342	Licensed	Freeman, Chris	859-613-2658

740 West Main Street	Lebanon	KY	40033	Licensed	Milby, Lori	270-692-6120
410 N. Wallace Wilkinson Blvd.	Liberty	KY	42539	Franchised	Hoskins, Todd	606-787-5399
5059 Poplar Level Road	Louisville	KY	40219	Licensed	Hiestand, Leslie & Kay Alfir	502-897-9152
2925 Brownsboro Road	Louisville	KY	40206	Licensed	Hiestand, Leslie & Kay Alfir	502-897-9152
9813 Old Third Street	Louisville	KY	40272	Licensed	Hiestand, Leslie & Kay Alfir	502-897-9152
1400 Route 68	Maysville	KY	41056	Licensed	Gagen, Kelli	513-272-4100
25 East North 12th Street	Middlesboro	KY	40965	Licensed	Stewart, Leland	606-248-8773
296 Cumberland Crossing	Monticello	KY	42633	Franchised	Newnham, Chuck & Mindy	606-878-2398
1001 Burlew Boulevard	Owensboro	KY	42301	Licensed	Wathen, Bill	270-929-2664
1800 Carter Road	Owensboro	KY	42301	Licensed	Wathen, Bill	270-929-2664
178 South Dixie Boulevard	Radcliff	KY	40160	Licensed	Dennis, Kimberly & Lonnie	270-304-6071
1007 Center Drive	Richmond	KY	40475	Licensed	Newnham, Chuck & Mindy	859-623-0253
114 East Mt Parkway	Salyersville	KY	41465	Franchised	Mortimer, Doug	606-349-3626
101 US Hwy 150 Bypass, #127	Stanford	KY	40484	Franchised	Osborn, Eric & Tiah	606-510-1117
789 Jenkins Road	Whitesburg	KY	41858	Licensed	Moore, Bill	606-439-1971

MICHIGAN

Address	City	State	Zip	Type	Franchisee Contact	Phone
14301 Beadle Lake Road	Battle Creek	MI	49014	Franchised	Hattar, Zaid	313-706-0414
820 Riverview Drive	Kalamazoo	MI	49001	Licensed	Baldwin, Rob & Julie	269-929-2730
4441 South Westnedge Ave.	Kalamazoo	MI	49008	Licensed	Baldwin, Rob & Julie	269-929-2730
1317 Apple Avenue	Muskegon	MI	49442	Licensed	Puthoff, Rick & Sherry	231-726-2888
856 West Sherman Blvd	Muskegon	MI	49441	Licensed	Puthoff, Rick & Sherry	231-726-2888
200 North Causeway	North Muskegon	MI	49445	Licensed	Puthoff, Rick & Sherry	231-726-2888
1122 West Ann Arbor Road	Plymouth	MI	48170	Licensed	Langkabel, Brian	734-453-6767
33351 Plymouth Road	Livonia	MI	48150	Franchised	Aiyash, Noman & Leo Gonzalez*	734-846-8045
34250 Michigan Ave	Wayne	MI	48150	Franchised	Aiyash, Noman & Leo Gonzalez*	734-846-8045
32500 Gratiot Ave	Roseville	MI	48066	Franchised	Aiyash, Noman & Leo Gonzalez*	734-846-8045
41501 Garfield Rd	Clinton Township	MI	48038	Franchised	Aiyash, Noman & Leo Gonzalez*	734-846-8045

MISSOURI

Address	City	State	Zip	Type	Franchisee Contact	Phone
2316 Paris Road	Columbia	MO	65202	Licensed	Fisher, Jim & Jason	573-201-8325
1550 Missouri Boulevard	Jefferson City	MO	65109	Licensed	Fisher, Jim & Jason	573-201-8325
1902 North Bishop	Rolla	MO	65401	Licensed	Fisher, Jason	573-201-8325

OHIO

Address	City	State	Zip	Type	Franchisee Contact	Phone
1179 West Ohio Pike	Amelia	OH	45102	Licensed	Gagen, Kelli	513-272-4100
620 Arlington Road	Brookville	OH	45309	Franchised	Riddle, Ken & Chuck Doran	937-252-9510
5030 Montgomery Road	Cincinnati	OH	45212	Licensed	Gagen, Kelli	513-272-4100
5251 Glenway Avenue	Cincinnati	OH	45238	Licensed	Gagen, Kelli	513-272-4100
8319 Vine Street	Cincinnati	OH	45216	Licensed	Gagen, Kelli	513-272-4100
3225 Linden Avenue	Dayton	OH	45410	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
1415 Troy Street	Dayton	OH	45404	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
4140 North Main	Dayton	OH	45405	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
6056 North Dixie Drive	Dayton	OH	45414	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
239 W Fifth St	Delphos	OH	45833	Franchised	Hoehn, Ryan & Wanda	419-296-2025
527 South Main Street	Englewood	OH	45322	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
427 Tiffin Avenue	Findlay	OH	45840	Licensed	Jolliff, James	419-422-3770
1031 East Second Street	Franklin	OH	45005	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
322 East State Street	Fremont	OH	43420	Licensed	Boatman, John	419-656-3645
6315 Chambersburg Road	Huber Heights	OH	45424	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
4030 Wilmington Pike	Kettering	OH	45429	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
571 East Center Street	Marion	OH	43302	Licensed	Boyd, Ray	740-387-3277
201 North Main Street	Miamisburg	OH	45342	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
604 South Breiel Blvd	Middletown	OH	45044	Franchised	McCullough, Jeannie & Kristy Gilkerson	513-424-0264
2011 N. Verity Parkway	Middletown	OH	45042	Franchised	McCullough, Jeannie & Kristy Gilkerson	513-423-2999
103 Glover Drive	Mt. Orab	OH	45154	Licensed	Wallace, Gary	937-444-2601
119 Commercial Avenue SW	New Philadelphia	OH	44663	Licensed	Anderson, Greg	330-339-1848
1635 North 21st Street	Newark	OH	43055	Licensed	Salome, Todd	740-349-0290
1005 West Main Street	Newark	OH	43055	Licensed	Salome, Todd	740-349-0290
4205 Milan Road	Sandusky	OH	44870	Licensed	Boatman, John	419-656-3645
1456 Celina Road	St. Mary's	OH	45885	Licensed	Hoehn, Ryan & Wanda	419-296-2025
115 North Washington St.	Tiffin	OH	44883	Franchised	Shuff, Jeff	419-448-4676
815 W State Street	Trenton	OH	45067	Franchised	McCullough, Jeannie & Kristy Gilkerson	513-988-5118
885 East Main Street	Trotwood	OH	45426	Licensed	Riddle, Ken & Chuck Doran	937-252-9510
311 West Harrison Street	Wapakoneta	OH	45869	Franchised	Hoehn, Ryan & Wanda	419-296-2025
550 West Main Street	Xenia	OH	45385	Licensed	Riddle, Ken & Chuck Doran	937-252-9510

SOUTH CAROLINA

Address	City	State	Zip	Type	Franchisee Contact	Phone
	Charleston	SC		Franchised	Gobah, Raad*,**	313-992-6920
738 Cherry Road	Rockhill	SC	29730	Franchised	Mullis, Harris	803-366-5337

TENNESSEE

Address	City	State	Zip	Type	Franchisee Contact	Phone
3099 South First Street	Milan	TN	38358	Licensed	Erdmann, John	731-686-3226
19570 Alberta Street	Oneida	TN	37841	Franchised	Jeffers, Jan	423-569-5227

VIRGINIA

Address	City	State	Zip	Type	Franchisee Contact	Phone
2200 West Broad Street	Richmond	VA	23220	Licensed	Loving, Henry	804-338-1676

WISCONSIN

Address	City	State	Zip	Type	Franchisee Contact	Phone
2412 Grand Avenue	Wausau	WI	54403	Licensed	Hall, Don & Carol Ann	715-845-7206

*Signed a Area Development Agreement

**Signed a Franchise Agreement but has not yet opened as of the issuance date

EXHIBIT E

LIST OF FORMER FRANCHISEES

List of franchisees and licensees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or license agreement during the 12- month period ending December 31, 2024 or who has not communicated with Lee's within 10 weeks of the date of this Franchise Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

REACQUIRED BY FRANCHISOR

Emmett and Jenny Gamache
Belleville, IL; Granite City, IL; Arnold, MO; Dellwood, MO;
Ellisville, MO; Florissant, MO; Normandy, MO; St. Ann, MO; St.
Charles, MO; St. Louis, MO; St. Peters, MO; University City, MO
314-209-0055

Michael Whitney
Cynthiana, KY
859-469-2517

VOLUNTARILY CEASED TO DO BUSINESS

Tom Fesmire
Alcoa, TN
865-984-3880

TRANSFERRED

Rhonda Lane
Stanford, KY
606-365-9490

TERMINATED

None

EXHIBIT F-1
STATE AGENCIES

EXHIBIT F-1**STATE AGENCIES**

State	Address	Telephone Number
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation 320 West Fourth Street Suite 750 Los Angeles, CA 90013	213-576-7500 866-275-2677
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street Room 203 Honolulu, HI 96813	808-586-2722
Illinois	Illinois Attorney General Securities Division 500 South Second Street Springfield, IL 62706	217-782-4465
Indiana	Indiana Securities Commissioner 302 West Washington Street Room E018 Indianapolis, IN 46204	317-232-6681
Maryland	Office of the Attorney General Division of Securities 200 Saint Paul Place Baltimore, MD 21202-2020	410-576-6360
Michigan	Department of Attorney General Consumer Protection Division Attn: Franchise Section G Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933	517-373-7117
Minnesota	Department of Commerce 85 East 7th Place East, Suite 280 St. Paul, MN 55101	651-296-4973

State	Address	Telephone Number
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005	212-416-8236
North Dakota	Securities Department 600 East Boulevard Avenue State Capitol, 5th Floor, Dept. 414 Bismarck, ND 58505-0510	701-328-4712
Rhode Island	Department of Business Regulation Securities Division John O. Pastore Complex 1511 Pontiac Ave., Bldg. 68-2 Cranston, RI 02920	401-462-9500
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501	605-773-4823
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 1 st Floor Richmond, VA 23219	804-371-9051
Washington	Department of Financial Institutions Securities Division 150 Israel Road SW Turnwater, WA 98501	360-902-8760
Wisconsin	Commissioner of Securities Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705	608-266-1004

EXHIBIT F-2
AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Florida	CT Corporation System	1200 South Pine Island Road Plantation, FL 33324 954-627-1299
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, New York 10005 212-416-8236 Phone 212-416-6042 Fax
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	Virginia State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219-3630
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760 Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98507
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT G

**STATE SPECIFIC ADDENDA TO FRANCHISE
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

Addendum to Franchise Disclosure Document for Illinois Franchisees

These provisions are an amendment to the Franchise Disclosure Document. This Amendment is hereby incorporated into and made a part of the Franchise Disclosure Document:

1. Notwithstanding anything different in the Franchise Disclosure Document, Illinois law governs the franchise agreement(s).

2. Notwithstanding anything different in the Franchise Disclosure Document, 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.

3. Notwithstanding anything different in the Franchise Disclosure Document, Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. Notwithstanding anything different in the Franchise Disclosure Document, 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.

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.

Addendum to Franchise Agreement for Illinois Franchisees

The Attorney General of Illinois requires the following specific disclosures to be made to prospective Illinois franchisees. These provisions are an amendment to the Franchise Agreement. This Amendment is hereby incorporated into and made a part of the Franchise Agreement to the extent the following paragraphs amend the respective sections of the Franchise Agreement as set forth below:

1. Illinois law governs the Franchise Agreement(s).
2. 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.
3. Franchisees’ rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchisee to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
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.
6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Franchise Disclosure Act of the State of Illinois are met independently without reference to this Addendum.
7. Franchisee acknowledges receipt of this Addendum to Franchise Agreement.

FRANCHISOR:

FRANCHISEE:

**LEE’S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____
Printed: Ryan Weaver
Title: Chief Executive Officer
Date: _____

By: _____
Printed: _____
Title: _____
Date: _____

Addendum to Area Development Agreement for Illinois Franchisees

The Attorney General of Illinois requires the following specific disclosures to be made to prospective Illinois franchisees. These provisions are an amendment to the Franchise Agreement. This Amendment is hereby incorporated into and made a part of the Franchise Agreement to the extent the following paragraphs amend the respective sections of the Franchise Agreement as set forth below:

1. Illinois law governs the Area Development Agreement(s).
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Area Development 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.
3. Franchisees’ rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any developer to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
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.
6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, the jurisdictional requirements of the Franchise Disclosure Act of the State of Illinois are met independently without reference to this Addendum.
7. Franchisee acknowledges receipt of this Addendum to Area Development Agreement.

FRANCHISOR:

FRANCHISEE:

**LEE’S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____
Printed: Ryan Weaver
Title: Chief Executive Officer
Date: _____

By: _____
Printed: _____
Title: _____
Date: _____

Addendum to Franchise Agreement for Indiana Franchisees

This Addendum to Franchise Agreement is made in recognition of the requirements of the Indiana Franchise Act and Indiana Deceptive Franchise Practices Act (“Practices Act”) (collectively, the “Acts”). To the extent the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. The Practices Act provides rights to Franchisee concerning nonrenewal and termination of the Franchise Agreement. To the extent the Franchise Agreement contains a provision that is inconsistent with the Practices Act, the Practices Act will control.
2. If the Franchisee is required in the Franchise 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 Acts, or a rule or order under the Acts, such release shall exclude claims arising under the Acts, and such acknowledgments shall be void with respect to claims under the Acts.
3. If the Franchise Agreement contains covenants not to compete upon expiration or termination of the Franchise Agreement that are inconsistent with the Practices Act, the requirements of the Practices Act will control.
4. The Practices Act provides that substantial modification of the Franchise Agreement by Franchisor requires written consent of the Franchisee. If the Franchise Agreement contains provisions that are inconsistent with this requirement, the Practices Act will control.
5. If the Franchise Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Practices Act.
6. If the Franchise Agreement requires that it be governed by a state’s law, other than the State of Indiana, to the extent that such law conflicts with the Acts, the Acts will control.
7. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Acts applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

8. Franchisee acknowledges receipt of this Addendum to Franchise Agreement.

FRANCHISOR:

FRANCHISEE:

**LEE'S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

By: _____

Printed: Ryan Weaver

Printed: _____

Title: Chief Executive Officer

Title: _____

Date: _____

Date: _____

Addendum to Area Development Agreement for Indiana Franchisees

This Addendum to Area Development Agreement is made in recognition of the requirements of the Indiana Franchise Act and Indiana Deceptive Franchise Practices Act (“Practices Act”) (collectively, the “Acts”). To the extent the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. The Practices Act provides rights to Developer concerning nonrenewal and termination of the Area Development Agreement. To the extent the Area Development Agreement contains a provision that is inconsistent with the Practices Act, the Practices Act will control.
2. If the Developer is required in the Area Development 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 Acts, or a rule or order under the Acts, such release shall exclude claims arising under the Acts, and such acknowledgments shall be void with respect to claims under the Acts.
3. If the Area Development Agreement contains covenants not to compete upon expiration or termination of the Area Development Agreement that are inconsistent with the Practices Act, the requirements of the Practices Act will control.
4. The Practices Act provides that substantial modification of the Area Development Agreement by Franchisor requires written consent of the Developer. If the Area Development Agreement contains provisions that are inconsistent with this requirement, the Practices Act will control.
5. If the Area Development Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Practices Act.
6. If the Area Development Agreement requires that it be governed by a state’s law, other than the State of Indiana, to the extent that such law conflicts with the Acts, the Acts will control.
7. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Acts applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

8. Developer acknowledges receipt of this Addendum to Area Development Agreement.

FRANCHISOR:

**LEE'S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

Printed: Ryan Weaver

Title: Chief Executive Officer

Date: _____

DEVELOPER:

By: _____

Printed: _____

Title: _____

Date: _____

Addendum to Franchise Disclosure Document for Maryland Franchisees

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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.

Exhibit H - Statement of Prospective Franchisee:

The Franchise Acknowledgment/Compliance Certification is deleted in its entirety.

Addendum to Franchise Agreement for Maryland Franchisees

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

**LEE'S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

By: _____

Printed: Ryan Weaver

Printed: _____

Title: Chief Executive Officer

Title: _____

Date: _____

Date: _____

Addendum to Area Development Agreement for Maryland Franchisees

This Addendum to Area Development Agreement is made in recognition of the requirements of the Maryland Franchise Registration and Disclosure Law. To the extent the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Pursuant to Code of Maryland Regulations 02.02.08.16L, 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.
2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
4. 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.
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.

FRANCHISOR:

DEVELOPER:

**LEE’S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

By: _____

Printed: Ryan Weaver

Printed: _____

Title: Chief Executive Officer

Title: _____

Date: _____

Date: _____

Addendum to Franchise Disclosure Document for Virginia Franchisees

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to 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 grounds 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.”

Franchise Questionnaires and Acknowledgments:

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 Franchise Agreement for Virginia Franchisees

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to 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.”

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

**LEE’S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

By: _____

Printed: Ryan Weaver
Title: Chief Executive Officer

Printed: _____
Title: _____

Date: _____

Date: _____

Addendum to Franchise Agreement for Wisconsin Franchisees

This Addendum to Franchise Agreement is made in recognition of the requirements of the Wisconsin Fair Dealership Law. To the extent the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. With respect to franchises governed by Wisconsin law, Franchisor will comply with the Wisconsin Fair Dealership Law which requires, except in certain specific cases, (i) that a franchisee be given 90 days’ prior written notice of termination, with 60 days to cure any deficiency; and (ii) that Franchisor may not terminate, cancel, refuse to renew, or substantially change the competitive circumstances of the Franchise Agreement without good cause.
2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
3. Franchisee acknowledges receipt of this Addendum to Franchise Agreement.

FRANCHISOR:

FRANCHISEE:

**LEE’S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

By: _____

Printed: Ryan Weaver

Printed: _____

Title: Chief Executive Officer

Title: _____

Date: _____

Date: _____

Addendum to Area Development Agreement for Wisconsin Franchisees

This Addendum to Area Development Agreement is made in recognition of the requirements of the Wisconsin Fair Dealership Law. To the extent the Area Development Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. With respect to franchises governed by Wisconsin law, Franchisor will comply with the Wisconsin Fair Dealership Law which requires, except in certain specific cases, (i) that a franchisee be given 90 days' prior written notice of termination, with 60 days to cure any deficiency; and (ii) that Franchisor may not terminate, cancel, refuse to renew, or substantially change the competitive circumstances of the Area Development Agreement without good cause.
2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Wisconsin Fair Dealership Law applicable to the provision are met independent of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.
3. Franchisee acknowledges receipt of this Addendum to Area Development Agreement.

FRANCHISOR:

**LEE'S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

Printed: Ryan Weaver

Title: Chief Executive Officer

Date: _____

DEVELOPER:

By: _____

Printed: _____

Title: _____

Date: _____

EXHIBIT H
STATEMENT OF PROSPECTIVE FRANCHISEE

EXHIBIT H

STATEMENT OF PROSPECTIVE FRANCHISEE

Please review each of the following questions carefully and provide honest and complete responses to each question:

1. Have you received and reviewed the Lee’s Franchisor LLC Franchise Disclosure Document (the “**FDD**”)?

Yes _____ No _____

2. Did you receive the FDD at least 14 days prior to today and give us a signed receipt from your copy of the FDD indicating the actual date you received the FDD?

Yes _____ No _____

3. Which Lee’s Franchisor LLC representative(s) have you been dealing with?

Name(s): _____

4. Have the Lee’s Franchisor LLC representative(s) answered all of your questions regarding the FDD, Area Development Agreement and Franchise Agreement?

Yes _____ No _____

If “No”, what parts of the FDD, Area Development Agreement and/or Franchise Agreement do you not understand?

(Attach additional pages if necessary.)

5. Have you discussed the FDD, Franchise Agreement, and Area Development Agreement with an attorney, accountant, or other professional advisor?

Yes _____ No _____

If “No”, do you wish to have more time to do so?

Yes _____ No _____

6. Have any Lee’s Franchisor LLC representative(s) made any statement or promise concerning the revenues, profits, the amount of money you may earn or the likelihood of success in operating a Lee’s Famous Recipe Restaurant that is contrary to, or different from, the information contained in the FDD you received?

Yes _____ No _____

7. Have any Lee's Franchisor LLC representative(s) made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD you received?

Yes _____ No _____

8. Have you entered into any binding agreement with us concerning the purchase of this franchise prior to today (other than an existing Area Development Agreement, if applicable)?

Yes _____ No _____

9. Have you paid any money to us related to this Franchise Agreement and franchise sale before today (other than prior Development Fees paid under an existing Area Development Agreement, if applicable)?

Yes _____ No _____

10. If you have answered "Yes" to any one of questions 6-9, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages if necessary.)

11. Did you receive your Franchise Agreement and/or Area Development Agreement with all the blanks filled in and exhibits completed at least 7 days prior to today?

Yes _____ No _____

12. In what state do you reside? _____

13. In what state(s) do you intend to operate the Lee's Famous Recipe Restaurant(s)?

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

FRANCHISEE/DEVELOPER APPLICANT

Signature: _____

Printed: _____

Title: _____

Date: _____, 20____

EXHIBIT I
FORM OF ADVERTISING COOPERATIVE BYLAWS

**LEE'S FAMOUS RECIPE ADVERTISING COOPERATIVE, INC.
BY-LAWS**

**ARTICLE 1
NAME AND LOCATION**

The name of the corporation shall be Lee's Famous Recipe Advertising Cooperative, Inc. ("AdCom") and its offices of AdCom shall be located at 1270 N Eglin Parkway, Suite C14, Shalimar, FL 32579. AdCom may also have offices at such other places as its Board of Directors ("Board") may designate from time to time by written notice to the members.

**ARTICLE 2
STATUS**

AdCom shall be a not for profit corporation pursuant to the provisions of the Florida Not For Profit Corporation Act, chapter 617, Florida Statutes.

**ARTICLE 3
PURPOSE**

AdCom's purpose will be to develop or arrange for the development of advertising and marketing materials for use on television, radio, outdoor, print and/or other media employing advertising agencies it deems appropriate, including agencies affiliated with any of the franchise or licensee systems represented herein, to assist therewith, and to develop promotional and marketing materials from time to time for all the quick service restaurant units in the U.S. and/or abroad ("Units") featuring chicken which operate under systems affiliated with LFR Chicken, LLC and any wholly owned affiliates, ("Franchisor/Licensor") using the Franchisor/Licensor owned trade names, trademarks, service marks and/or indicia of origin (collectively the "Trademarks") and which contribute to AdCom managed by the Board. Without limiting the foregoing, the Units shall include franchised/licensed restaurants of Lee's Famous Recipe Chicken ("Lee's"), as well as restaurants complying with these By-Laws which are operated by Franchisor/Licensor or any affiliate of Franchisor/Licensor, including Lee's ("Company Units"), as determined by the Chairman. All advertising and promotional materials will be designed for local, regional or national use, consistent with the products and services offered to customers by the Lee's systems, as well as by Company Units. AdCom will endeavor to utilize advertising and promotions designed to benefit all of the members of AdCom; provided, however, that AdCom will have no obligation to ensure AdCom expenditures in or affecting any geographic area within a market area are proportionate or equal to the contributions of members operating in that geographic area or that any Unit will benefit directly or in proportion to its contribution. It is understood that advertising and marketing materials may be identical, except for use of trademarks. AdCom is for the cooperative benefit of its members and it will take no action inconsistent with the provisions and terms of these By-Laws or any other agreements signed between the members and the Franchisor/Licensor, except with the express prior written permission of the Franchisor/Licensor.

ARTICLE 4 MEMBERS

Article 4.1 Membership

The members of AdCom will consist of the Franchisor/Licensor, and such persons or entities that now or hereafter own Units that are owned, franchised, licensed or sub-licensed by the Franchisor/Licensor or its affiliates. Membership for such persons and entities operating Units will automatically commence when the Unit opens for business. In addition, when a person or entity acquires ownership of a Unit or when a person or entity opens a Unit which is owned, franchised, licensed or sublicensed by the Franchisor, or its affiliates, after the date hereof, each such entity or person shall be bound by these By-Laws. Membership shall continue until AdCom is dissolved or the member ceases to operate its unit, as provided in Article 4.7 of these By-Laws.

Article 4.2 Voting Rights

Each member who owns a Unit and who is also in good standing is entitled to one vote for each and every such Unit on all matters coming before the membership of AdCom. Franchisor/Licensor will also have one vote for each and every Company Unit operating under its authority. If the partners of a joint venture or partnership-owned Unit disagree on a particular matter, the vote for the member will be decided by the partner who is authorized to act for the partnership on the records of the Franchisor/Licensor. In order for a member to be in good standing, such member's contributions must not be past due in any amount and such member must be in substantial compliance with these By-Laws, the rules and policies of AdCom and any agreements with Franchisor/Licensor. If the member is past due for any amount, his voting rights will automatically be suspended and such rights will not be reinstated until all past due contributions are fully paid with interest thereon as provided in Article 4.4 of these By-Laws. All references in these By-Laws to "entire membership" mean all members in good standing whether or not present at a meeting.

Article 4.3 Voting and Policies

Each member of AdCom is bound by any action, which has received the required vote for adoption (see Article 6.8) even though such member voted against the action. If a particular proposal receives a tie vote, then such proposal will not be adopted. Each member agrees to coordinate his individual advertising and promotion efforts with AdCom's advertising so as to avoid any conflicts or inconsistencies and to maximize the effect of AdCom's advertising. If any member conducts a promotion or advertisement on his own behalf, the advertisements for such promotion or advertisement must clearly identify the address of such Unit(s).

Article 4.4 Suspension for Cause

In the event a member of AdCom materially or repeatedly breaches the terms of these By-Laws or the rules of AdCom, or acts in a manner prejudicial to the interests of AdCom, including failure to pay its required contributions, the membership of such member may be suspended. The Board will review the actions of such member and, within thirty (30) days after completion by the Board of such review, the Board will determine whether to recommend the member in question be suspended. The member under scrutiny will be informed of the Board's

recommendation of suspension, and the member will be entitled to an opportunity for a hearing before the Board on the reasons for his possible suspension, except that no hearing will be required if such member is subject to suspension for failure to make any of its contributions. If the member does not attend the hearing after receiving the five (5) day notice (served by US Mail and Email) described above, he will be deemed to have waived his right to a hearing. After the hearing, if any, a vote of the Board will be taken. A majority vote of the voting power of the entire Board (exclusive of the member who is under scrutiny, if applicable) is required to suspend the membership of a member.

Article 4.5 Effect of Suspension

Until reinstated by a majority vote of the voting power of the entire Board, a suspended member will be subject to such restrictions as the Board may determine are appropriate. Such restrictions may include but not be limited to the denial of the right to participate in AdCom meetings or activities. However, during the period of suspension, the suspended member must, nevertheless, continue to abide by these By-Laws and the policies and other rules of AdCom and to pay the contributions required of members.

Article 4.6 Transfer of Membership

Membership is transferable only by reason of the transfer of member's Unit(s) to another person or entity. The transferee will automatically become a member of AdCom entitled to one vote for each Unit owned by the member. Before the transfer or sale of a unit (whether by direct or indirect sale, changed ownership, merger or otherwise), a member or his designee or representative must give reasonable advance notice to the Board of the proposed transfer or sale. A member must become current in all obligations to its Franchisor/Licensor and/or AdCom, before the effective date of such transfer or sale, and such transfer or sale will not relieve the transferor-member from any then-accrued obligations, including without limitation the obligation to pay any accrued, but unpaid, contributions. In addition, the transferee will also be liable for and required to pay any such amounts owed by the transferor if they are not paid in full within sixty (60) days after the effective date of transfer or sale.

Article 4.7 Cessation of Membership

Any member, who ceases operation of his Unit under Lee's trademarks or any trademarks owned by the Franchisor/Licensor, thereupon ceases to be a member of AdCom, but will remain liable to AdCom for any obligation accrued at the time such membership ceased.

Article 4.8 Enforcement of AdCom Rules

The Board may formulate policies and may promulgate rules to govern AdCom members and activities. The AdCom rules and policies will be published from time to time and made available to the membership. AdCom or the Franchisor/Licensor may, at its discretion, take legal action against a member to collect contributions and to enforce these By-Laws or the AdCom rules and policies. No member shall be deemed to be a third-party beneficiary of AdCom. Even though a member discontinues its participation in AdCom meetings or activities or resigns its membership in AdCom, such member must continue to pay the contributions required of members and to abide by these By-Laws and the policies and other rules of AdCom. The prevailing party to any enforcement action shall be entitled to an award of reasonable attorney's fees and costs, at the trial and appellate levels.

ARTICLE 5 FINANCIAL PROVISIONS

Article 5.1 Fiscal Year

The fiscal year of AdCom will be a 52-week year ending on the 31st of December.

Article 5.2 Amount

- A. Subject to a contrary definition in agreements between Franchisor/Licensor and member, which agreements may include, but not necessarily be limited to Franchise Agreement, License Agreement or Advertising Royalty Agreement (collectively the “Agreements”), as used in these By-Laws, the term “gross sales” shall mean the total amount of all revenues derived (whether in the form of cash, credit, insurance proceeds for lost sales covered by business interruption insurance, agreements to pay or other consideration, and whether or not payment is received at the time of sale or any such amounts prove uncollectible) which arise from or are derived by member or any other person from business conducted or which originated in, on, from or through the Unit, or from the sale of any products or services associated with the use of Trademarks licensed by either Franchisor/Licensor, or its affiliates, including sales from vending machines and catering sales, but excluding sales tax or any similar taxes which are required by law to be computed separately and paid by the customer.
- B. The contribution of each member will be a percentage of the member’s gross sales as defined in the member’s Agreements. The contribution shall be payable at such time and place as set forth in each member’s respective Agreements. Each Company Unit shall pay the percentage of gross sales as is required to be paid by a franchisee/licensee under the current Agreements in effect at the time such Company Unit opened for business. Contributions will be past due if not received on or before the tenth (10th) day following the due date.

Article 5.3 Use of Funds

All contributions of members and Company Units and other income (the “Advertising Fund”) will be received and held in a separate bank account by AdCom and will be used in furthermore of AdCom’s not-for-profit purposes authorized by the Board. AdCom may use contributions to pay for the costs of preparing and producing video, audio and written advertising materials; administering advertising programs, and employing advertising agencies to assist therewith; supporting public relations, market research and marketing activities; providing advertising and marketing materials to Units and Company units and paying reasonable salaries, and administrative and overhead costs as AdCom employees and agents may incur in activities reasonably related to the administration of the Advertising Fund and its advertising programs (including, without limitation, conducting market research preparing advertising and marketing materials and collecting and accounting for contribution to AdCom). The Advertising Fund may also pay all or part of the full cost, including salary, benefits and expenses of the senior marketing officer and staff of the Franchisor/Licensor. No part of the contributions of the members and other income, except as provided herein, will inure to the benefit of any one

individual or member. It is not intended that the Advertising Fund constitute a trust or that any fiduciary relationship be established with respect to AdCom or the Advertising Fund.

Article 5.4 Collection of Funds

The AdCom Treasurer will have authority to collect contributions for AdCom. AdCom may retain an independent public accountant, bank or other special agent to handle the collection of contributions, make disbursements, maintain AdCom's books and handle other matters concerning AdCom's funds. Each member will be furnished annually with a written report of the financial condition of AdCom, including a statement of income and disbursements, a balance sheet, a breakdown of the members' contributions and a list of those members in default. AdCom will make such adjustments in its use of the Advertising Fund as its Treasurer or independent accountant may recommend as appropriate. To facilitate the collection of contributions, the Treasurer may request that Franchisor/Licensor render bills for and collect the required percentage of gross sales, provided that all amounts so collected by the Franchisor/Licensor will be the property of AdCom and will not be co-mingled with the funds of either Franchisor/Licensor, or its affiliations, or any Franchisee/Licensee.

Article 5.5 Nonpayment of Contributions

Any member who fails to pay any contribution on the date due will be notified, by Email or US Mail, of such failure by the Treasurer. If payment is not made within the time period stated in such notice, interest shall accrue at the highest applicable legal rate permissible for the extension of such credit, which in no event shall exceed one and one-half (1.5%) per month. In addition, the member's voting rights will be automatically suspended as provided in Article 4.2, and the member will be subject to suspension for cause, as provided in Article 4.4.

Article 5.6 Contractual Obligation to Contribute and to Report Sales

Upon commencement of membership, each member is contractually obligated by virtue of these By-Laws to pay AdCom contributions to AdCom and to submit reports on the gross sales of the member's Unit. These obligations are in addition to any obligations the member may have to its Franchisor/Licensor or its affiliates under such license, franchise or other operative agreements with the Franchisor/Licensor or its affiliates.

Article 5.7 Patronage Dividends

Notwithstanding any above Section of Article 5, AdCom will distribute Patronage Dividends to the members of AdCom based on the following Subsections of Article 5.8.

Article 5.7.1 Distribution of net savings

The realized net savings of AdCom, to the extent attributable to the patronage of members, shall be allocated and distributed among members as Patronage Dividends in proportion to their patronage and in such a manner and at such a time as to constitute Patronage Dividends within the meaning of the Internal Revenue Code. AdCom may set aside only such reserves as are authorized in this Section of Article 5. To the extent permitted under the Internal Revenue Code, all of the operations of AdCom shall be netted into a single allocation unit. Patronage Dividends shall be made 50% in cash and 50% to each individual Member Account as a written notice of allocation, unless different proportions are approved by the Board within eight-and-a-half months of the fiscal year's close—however, at least 20% of the Patronage Dividends must be distributed in cash.

Patronage Dividends may be by qualified or non-qualified written notices of allocation or a combination of the two.

Article 5.7.2 Exceptions

Net savings may be reduced by such reasonable reserves for necessary business purposes as is determined by the Board. Any allocations of such a nominal amount as not to justify the expenses of distribution may, as determined by the Board, be excluded from distribution provided that they are not then or later distributed to other Members. Members shall retain the rights to waive in whole or in part, by action at a meeting of Members, any Patronage Dividends to which they may be entitled.

Article 5.7.3 Members' Covenant to Declare Income for Tax Purposes

Each Member shall take into account on their income tax return any Patronage Dividends which are made in qualified written notices of allocation as defined in I.R.C. § 1388 at their dollar amounts in the manner provided in I.R.C. § 1385(a) in the taxable year in which the Member receives such written notices of allocation.

Article 5.7.4 Deferred Amounts

Payment of a portion of Patronage Dividends, not to exceed 80% of the allocation, may be deferred for the reasonable capital needs of AdCom, as determined by the Board. Such amounts shall be credited to revolving capital accounts in the names of recipient Members and shall accrue no monetary return on investment. They shall be redeemed when determined by the Board to be no longer needed for capital purposes. At that time they shall be redeemed in the order of the oldest outstanding amounts and on a pro rata basis among such amounts, except that redemptions shall be made payable only to Members who are then in good standing or become so within a six-month period of time. Deferred amounts may also be redeemed under compelling circumstances as determined by the Board. Deferred amounts shall be subject at all times to being offset by amounts otherwise due and payable to AdCom.

Article 5.7.5 Net Loss

In the event AdCom shall incur a net loss in any fiscal year, such loss shall be allocated to Members in the same manner as for net savings, subject to the exclusion of nominal amounts as described in Article 5.8.2. Any such allocated net loss shall be charged first against deferred Patronage Dividends of prior fiscal years and then against Patronage Dividend allocations of subsequent fiscal years. Allocated net losses which are not offset may be charged against the carrying value of shares only upon termination of membership. Allocated net losses shall not otherwise be assessed to or collected from members.

ARTICLE 6 MEMBERSHIP MEETINGS

Article 6.1 Annual Meeting

The members may meet once each year typically in conjunction with the annual convention of Franchisor, to elect directors, review the activities of AdCom's advertising agency and public relations firm (collectively the "Agency") and to transact other appropriate business.

Article 6.2 Special Meetings

Special meetings may be called at the request of the majority of the Directors of the Board or at the request in writing of members controlling at least sixty-seven (67%) of the voting power of the entire membership.

Article 6.3 Time and Place of Meetings

Annual and special meetings such as retreats, conferences, and conventions will be held at such date and time as the Board may determine. Members and invited guests will not be reimbursed for expenses incurred in connection with attending meetings if the meeting is held in conjunction with annual meeting. Any annual or special meeting may be attended and conducted via a virtual platform such as Zoom or other video conferencing applications designated in the Notice of Meeting.

Article 6.4 Notice of Meetings

Notice stating the date, time and place of any annual meeting will be given to each member by an officer of AdCom at least thirty (30) days before the meeting date. Notice may be given in writing, including email, or by telephone and text. The purpose(s) of special meetings must be given in the notice. Mailed notice must be sent no less than thirty (30) days nor more than sixty (60) days before the date of a meeting, and such notice will be deemed sent when placed in the U.S. mail and addressed to the member's address shown on AdCom's records. Attendance at a meeting will be a waiver of notice except when a member objects that the meeting is not lawfully called.

Article 6.5 Informal Action

The Directors may take action by written consent without a meeting, without prior notice and without a vote, provided that the vote of members consenting is not less than the minimum number of votes that would be necessary to authorize such action at a meeting at which all members having a right to vote thereon were present and voted. The members may also have meetings and take action by a telephone or virtual conference at which all participants can hear and speak to each other.

Article 6.6 Quorum

The presence of a majority of the voting power of the entire membership is a quorum for all meetings. A quorum will not be lost by reason of members leaving the meeting before adjournment.

Article 6.7 Proxies

Unless the members decide otherwise, members may vote by proxy, and notices of meetings may contain ballots for voting on business to be conducted at the meeting.

Article 6.8 Majority Vote

Unless otherwise required in these By-Laws, a majority vote of the voting power of the members where a quorum is present is required and will be sufficient for the adoption of any action by the members.

Article 6.9 Advertising and Public Relations Agency (“Agency”)

The Board may, from time to time, hire or fire the Agency by a majority vote of the voting power of the entire Board. The Agreement between the Agency and AdCom will provide that any member of AdCom in good standing may examine, at any time during the Agency’s regular business hours, billings to and payments by the Agency for the AdCom account, and that the Agency will comply with such member’s rights to review advertising and promotional materials.

ARTICLE 7 THE BOARD OF DIRECTORS

Article 7.1 Management of AdCom

The property and business affairs of AdCom will be controlled and managed by the Board of Directors.

Article 7.2 Powers

The Board will have the power to:

- (a) establish budgets and invest and reinvest AdCom funds;
- (b) approve programs, promotions and advertising formats;
- (c) hire, fire, review and approve plans and proposals of the Agency;
- (d) recommend and implement suspension of members;
- (e) fix and approve expenditures for advertising and marketing materials; and
- (f) make and implement rules and policies for all advertising, marketing and other business of AdCom consistent with these By-Laws; provided, that each member shall be free to adopt his own pricing policies and practices;
- (g) Any power authorized by Florida law governing Not-for-Profit corporations.

Article 7.3 Tenure and Qualification

The number of directors of the AdCom Board will be nine (9) and such number may be increased or decreased by future action of the Board, but shall not be less than nine (9); three (3) will be appointees of Franchisor/Licensor or its designee, three (3) will be Class 1 directors, and three (3) will be Class 2 directors. Class 1 directors will be those who begin their term in even numbered years and Class 2 directors will be those who begin their term in odd numbered years. Terms will begin on January 1st and end on December 31st. All Class 1 and Class 2 directors must be franchisee/licensee members, or a partner, officer or director of a member operating a franchised/licensed Unit and, except as provided below, will serve a two-year staggered term from the date of their election unless sooner removed. However, (i) at least one Class 1 and one Class 2 director must represent a member operating three (3) or fewer Lee’s Units. AdCom directors’ election will be by a majority vote of voting power represented at a meeting at which a quorum is present, or by US Mail or Email if so recommended by the Board. No elected director may serve more than two (2) consecutive terms.

Article 7.4 Vacancies

Any vacancy, including newly created directorships resulting from any increase in the authorized number of directors, will be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board unless otherwise provided by law. A director elected to fill a vacancy shall be appointed for the unexpired term of his predecessor in office. Any

directorship to be filled by reason of an increase in the number of directors shall be filled by appointment of the Board for a term of office continuing only until the next election of directors by the members as provided in Articles 7.5; 7.6 and 7.7. The position of any elected director who is absent from two consecutive meetings of the Board may be declared vacant by majority vote of the Board.

Article 7.5 Director's Duties Not Assignable

A director's duties are personal to such director and his or her duties cannot be exercised or executed by another acting on such director's behalf, unless otherwise agreed to by a majority vote of the Board prior to a meeting.

Article 7.6 Removal

Appointees of Franchisor/Licensor or its designee may only be removed from the Board by Franchisor/Licensor or its designee.

Any director, other than appointees of Franchisor/Licensor or its designee, may be removed from the Board by the affirmative vote of the majority of the entire board at a meeting properly noticed and duly held if such director shall, at the time of removal, (i) fail to meet the qualifications stated in these By-Laws; or (ii) if such director shall be in breach of any agreement between such director and Franchisor/Licensor; or (iii) if such director shall be in breach of any agreement between such director and AdCom; and (iv) any director may be removed, with or without cause, by the majority vote of the remaining Board. Any notice of a meeting at which a vote shall be taken to remove a director shall state such purpose in such meeting notice.

Article 7.7 Nominations

Nominations for elected positions to the Board shall be solicited by the Board from members in good standing at least 60 days in advance of the beginning of the term for the position nominations are being solicited. The process for nominations shall be solicited in the manner and method as outlined by the Policies and Procedures set by the Board. All nominees shall be contacted by the Secretary, before their names are placed on the ballot, to explain the responsibilities of the position and to obtain their consent to be placed in nomination.

Article 7.8 Voting

Each member entitled to vote must be in good standing at least 60 days in advance of the voting deadline and may cast one vote for each elected Board position, but no cumulative voting is authorized. The nominee(s) receiving the highest numbers(s) of votes cast shall be deemed elected. The process for nominations shall be solicited in the manner and method as outlined by the Policies and Procedures set by the Board.

Article 7.9 Election

Election of the Board will take place annually, in the manner and method as outlined by the Policies and Procedures set by the Board

Article 7.10 Meetings

Board meetings will be held at least quarterly, and at such other time(s) as considered necessary by a majority of the members of the Board or when called by the Chairman. Special meetings of

the Board require five (5) days prior written notice, including Email to the Email address on file with the Secretary of the Board, of the purpose of the meeting. A quorum exists if a majority of the directors are present. Attendance at a meeting in person or virtually will constitute waiver of notice except when a director attends to object to the adequacy of the notice. The vote of a majority of the directors present constitutes the action of the Board if a quorum is present.

Article 7.11 Informal Action

The Board may take any action by unanimous written consent without a meeting. The directors may conduct meetings and take action by a telephone or virtual conference at which the participants can hear and speak to each other.

Article 7.12 Fiscal Policies

The Board will adopt, and may amend, the annual budget for the operation of AdCom. The AdCom budget will operate on a cash basis such that budgeted expenditures will not exceed budgeted revenues. Surplus funds, if any, will be retained in the accounts of AdCom from year to year.

Article 7.13 Compensation

Directors will serve without compensation, but may be reimbursed, in the manner and method as outlined by the Policies and Procedures set by the Board, for reasonable expenses incurred by them to attend Board meetings or meetings of the membership.

ARTICLE 8 OFFICERS

Article 8.1 General

The officers of AdCom will be a Chairman, Vice Chairman, Secretary and Treasurer and such other officers as may be designated by the Board. Each officer must be a director. Franchisor/Licensor reserves the right to elect a franchisee/licensee as an officer of the Board.

Article 8.2 Election; Term of Office; Compensation

The Chairman shall be appointed by Franchisor/Licensor or its designee. The Secretary and Treasurer shall be appointed by the Chairman. The Vice Chairman will be elected by the Board at the Board's first meeting. Unless otherwise provided upon election, each officer will serve for one year commencing on the date appointment or election; provided that any officer may be removed from office at any time, with or without cause, by a majority vote of the Board with respect to the Vice Chairman and by the Chairman with respect to the Secretary and Treasurer. Officers will serve without compensation, except as provided in Article 5.2, and Article 7.13 of these By-laws.

Article 8.3 Chair

The Chair shall preside at all meetings of the Board and of the membership; will administer and direct the regular activities of AdCom within its stated purpose, will carry out the decisions and directives of the Board and carry out the day-to-day business of AdCom in communicating with and providing advertising and promotional materials, services, and counsel to the members of

AdCom. The Chair shall report on a day-to-day basis to the Franchisor/Licensor or its designee, and shall be responsible for carrying out the directives of AdCom. At his/her discretion, the Chair may appoint a Marketing Director, who may or may not be a member of the Board, to carry out the day-to-day business of AdCom as provided above.

Article 8.4 Vice Chair

The Vice Chair will perform the duties of the Chair in his absence or during any period of incapacity and to perform such other duties as may be assigned by the Chair or directed by the Board.

Article 8.5 Secretary

The Secretary, as required by these By-Laws will notify the membership and the Board of all meetings, keep minutes of all meetings of the membership and the Board and perform such other duties as may be required by the Board. The Secretary shall also maintain an alphabetical list of all the members in good standing, including the postal and Email address of each member and the number of votes such member is entitled to cast. Such list shall be open to the examination of any member during ordinary business hours, for a period of at least ten (10) days prior to the annual meeting and two (2) days prior to any special meeting.

Article 8.6 Treasurer

The Treasurer will maintain all accounting records for AdCom, disburse all funds in accordance with the By-Laws and the directives of the Board, prepare monthly financial statements for the Board, and such other fiscal duties as may be required by AdCom. At the request of the Board, the Controller of Franchisor/Licensor, or his designee, will provide such accounting, treasury, tax, and reporting services as AdCom may require. Such services, if requested, will be provided free of charge.

Article 8.7 Delegation of Duties

The Treasurer may use the facilities of a bank or an independent public accountant selected by the Board to assist in collection and handling of AdCom contributions and other record keeping and accounting functions. In addition, if approved by the Board, the duties of other officers may be delegated to the Agency or to another entity or person.

ARTICLE 9 INDEMNIFICATION

AdCom will indemnify any present or former director, officer, employee or agent for expenses and costs (including reasonable attorney's fees) actually and necessarily incurred by him in connection with any claim asserted against him by action in court or otherwise, by reason of his relationship with AdCom and service in the legitimate business interest thereof, unless it has been determined that such person was guilty of gross negligence or intentional misconduct in respect to the matter in which indemnity is sought. Such indemnification will not be deemed exclusive of any other rights to which such person may be entitled under these By-Laws, any agreement, vote of the Board, or otherwise.

ARTICLE 10 CONTRACTS AND CHECKS

Article 10.1 Contracts

AdCom will only enter into contracts whose subject matter is authorized by the Board. Such authority may be general or specific.

Article 10.2 Checks

All checks, notes or contracts of AdCom must be signed by the Treasurer, or by such other person(s) designated by the Board.

ARTICLE 11 MISCELLANEOUS

Article 11.1 Office and Records

AdCom will maintain an office for its records at a place, which may be the office of Franchisor/Licensor or its designee, a member, the Agency or the accountant of the AdCom. The records may be inspected by any member or his representative during reasonable business hours, upon reasonable prior notice.

Article 11.2 Conduct of Meetings

Subject to these By-Laws, membership and Board meetings will be governed as necessary by parliamentary procedures set forth in Roberts' Rules of Order.

Article 11.3 Amendments

These By-Laws may be amended, repealed or new By-Laws may be adopted by the Board of Directors by both the written approval of Franchisor/Licensor, or its designee, and a majority vote of the voting power of the entire membership in a mail-in ballot format or a majority vote of those present after a quorum is established at a duly noticed annual or special meeting conducted in-person or virtually or a combination of the two. AdCom will continue until dissolved as provided above. Upon termination of AdCom for any reason, the funds on hand and uncommitted shall be distributed among Franchisor/Licensor or its designee, to Lee's, as allocated by the accountants for AdCom, or any successor entity if the advertising functions of AdCom are to be performed by the Franchisor/Licensor or any successor entity, and, in which event, all fees and other payments for advertising due under these By-Laws or under the Agreements shall be paid to the respective Franchisor/Licensor or such successor entity. If the advertising functions of AdCom are not to be continued, then such funds shall be distributed among the members and the Company Units in good standing in the proportion that they contributed such funds during the immediately preceding twelve months.

Article 11.4 Construction

Unless the context specifically requires otherwise, any reference in these By-Laws to the masculine gender will include the feminine and neuter genders; any reference to the singular will include the plural, and any reference to the plural will include the singular. These By-Laws shall be governed by the law of the State of Florida.

Article 11.5 Effect of By-Laws

Neither the By-Laws, as amended from time to time, nor the participation of any member in AdCom will act, operate or be construed to alter, modify, amend, expand, increase or reduce the rights or obligations of any member under his license, franchise or other operative agreement(s) with his Franchisor/Licensor or its affiliates. In the event of any inconsistency between these By-Laws, as amended from time to time, and the terms and conditions of the operative agreement(s) of any member with the Franchisor/Licensor or its affiliates, the operative agreements(s) will govern the rights and obligations of such member of AdCom.

EXHIBIT J
GENERAL RELEASE

GENERAL RELEASE

This GENERAL RELEASE (the “Agreement”) is entered into as of _____, 20____ (the “Effective Date”) between Lee’s Franchisor LLC, a Delaware limited liability company (“Franchisor”) and _____ (a corporation, limited liability company, partnership or individual), whose principal address is _____ (“Franchisee”).

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Franchisor and Franchisee agree as follows:

1. General Release. Franchisee, for itself and for its heirs, executors, administrators and assigns, does hereby release and forever discharge Franchisor and all of its shareholders, directors, officers, employees, and agents, and their successors, heirs, executors, administrators and assigns, along with any affiliates or subsidiaries (collectively, the “Franchisor Released Parties”) of and from any and all known or unknown claims that have been made, could have been made or might hereafter be made, against the Franchisor Released Parties, or that arise out of, are related to, or are in any manner connected to the Franchise Agreement, as well as from any and all known or unknown claims, demands, causes of action, suits and/or liabilities whatsoever, both at law and in equity, that Franchisee ever had, now have or that it or its heirs, executors, administrators or assigns hereafter can, shall or may have against the Franchisor Released Parties, or any one of them, jointly or severally, for or by reason of any matter, cause or thing whatsoever, from any time prior to the Effective Date of this Agreement, the intention of this provision being to release completely, absolutely, and finally the Franchisor Released Parties from all liabilities arising from any matter or thing arising out of, relating to or pertaining to the Franchise Agreement.

2. Survival of Rights. All rights and obligations created under this Agreement, including, without limitation, the releases contained in it, will survive the execution of this Agreement, as well as the execution of any other agreements that may be entered into between or among Franchisor or Franchisee.

3. Authority to Execute. Each person executing this Agreement on behalf of any of the parties to it represents and warrants that he or she has the authority to execute this Agreement, and that all necessary action for the execution of this Agreement has been taken. By signing below, each person and entity included as a part of “Franchisee” is signing not only on behalf of himself or herself but also as an authorized representative of any and all entities included within the definition of “Franchisee.”

4. Successors and Assigns. The provisions of this Agreement shall inure to the benefit of and be binding upon the heirs, successors and assigns in interest of the parties to this Agreement. The release herein of claims against the Franchisor Released Parties is binding upon the principals, agents, representatives, successors and assigns of Franchisee, and will also inure to the benefit of all other persons, firms, corporations, agents, or principals against whom the claims released in this Agreement might be asserted.

5. Applicable Law, Jurisdiction and Venue. This Agreement, the rights granted and the relationship created hereunder shall be governed, interpreted and construed in all respects in accordance with the internal laws of the laws of the state where Franchisor's principal executive office is located without reference to its conflict of laws principles. Franchisee agrees that any legal action arising out of, relating to, or in any way connected with this Agreement shall be brought the appropriate federal or state court in the state and county in which Franchisor has its principal executive office. Franchisee hereby irrevocably submits to the jurisdiction of those courts to the exclusion of any others and waives any objections to the jurisdiction or to the venue of those courts.

6. Counterparts and Electronic Signatures. This Agreement may be executed in counterparts, each of which, when signed, shall be deemed to be an original, and all of which together shall be deemed to be one and the same instrument. This Agreement and all other documents related to this Agreement may be executed with full legal force and effect by manual or electronic signatures. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

FRANCHISEE:

By: _____

Printed: _____

Title: _____

Date: _____

ACCEPTED by:

FRANCHISOR:

**LEE'S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

Printed: _____

Title: _____

Date: _____

EXHIBIT K
GUARANTEE OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, Artemis Restaurant Corp., a Delaware corporation company (the “Guarantor”), located at 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579, absolutely and unconditionally guarantees to assume the duties and obligations of Lee’s Franchisor LLC, located at 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as the Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Shalimar, Florida, on the 30th day of April, 2025.

Guarantor:

ARTEMIS RESTAURANT CORP.

By: _____

Name: Ryan Weaver

Title: CEO

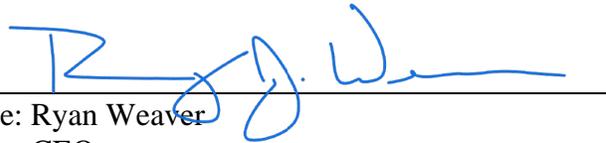


EXHIBIT L

STATE EFFECTIVE DATES

The following states have franchise laws that 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 document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	April 30, 2025
Virginia	Pending
Wisconsin	Pending

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 M
RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT M

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 Lee's Franchisor LLC 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 or sooner if required by applicable state law. Michigan requires that we provide you with 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 first occurs.

If Lee's Franchisor LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the applicable state agency listed in Exhibit F-1.

The issuance date of this Franchise Disclosure Document is April 30, 2025.

Ryan Weaver, President and CEO; William Sparks, Vice President of Operations; and Logan Sumner, Chief Development Officer, are the franchise sellers in this transaction. Their address is 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579 and telephone number is 850-344-1130. If any other franchise seller is involved in this transaction, his or her address will be the same, with the name and phone number provided here

We authorize the applicable state agencies identified on Exhibit F-2 to receive service of process on it in the respective states.

I received a disclosure document dated April 30 2025, that included the following the following Exhibits:

EXHIBIT A	FRANCHISE AGREEMENT	EXHIBIT H	STATEMENT OF PROSPECTIVE
EXHIBIT B	AREA DEVELOPMENT AGREEMENT		FRANCHISEE
EXHIBIT C	FINANCIAL STATEMENTS	EXHIBIT I	FORM OF ADVERTISING COOPERATIVE
EXHIBIT D	LIST OF EXISTING FRANCHISEES		BYLAWS
EXHIBIT E	LIST OF FORMER FRANCHISEES	EXHIBIT J	GENERAL RELEASE
EXHIBIT F-1	STATE AGENCIES	EXHIBIT K	GUARANTEE OF PERFORMANCE
EXHIBIT F-2	AGENTS FOR SERVICE OF PROCESS	EXHIBIT L	STATE EFFECTIVE DATES
EXHIBIT G	STATE ADDENDA	EXHIBIT M	RECEIPT

[Signature page follows]

FRANCHISEE (for an entity)

FRANCHISEE (for individual)

Date: _____

Date: _____

(Print name of entity)

Signed: _____

a _____
(Type of entity and state of formation)

Print Name: _____

By: _____
(Signature of person signing on behalf of entity)

Address _____

(Print name of person signing on behalf of entity)

City: _____ State: _____

Its: _____
(Title of person signing on behalf of entity)

Phone: (____) _____ Zip: _____

Address _____

City: _____ State: _____

Phone: (____) _____ Zip: _____

This receipt of the disclosure document may be returned to us using one of the following methods of delivery:

By U.S. Mail: Ryan Weaver
or any express courier service Lee's Franchisor LLC
1270 N. Eglin Parkway, Suite C-14
Shalimar, Florida 32579

-or-

By Telecopy: 850-344-1131

-or-

By E-mail in pdf format: franchising@famousforchicken.com

KEEP THIS COPY OF THE RECEIPT 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 Lee's Franchisor LLC 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 or sooner if required by applicable state law. Michigan requires that we provide you with 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 first occurs.

If Lee's Franchisor LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the applicable state agency listed in Exhibit F-1.

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EXHIBIT G	STATE ADDENDA	EXHIBIT M	RECEIPT

[Signature page follows]

FRANCHISEE (for an entity)

FRANCHISEE (for individual)

Date: _____

Date: _____

(Print name of entity)

Signed: _____

a _____
(Type of entity and state of formation)

Print Name: _____

By: _____
(Signature of person signing on behalf of entity)

Address _____

(Print name of person signing on behalf of entity)

City: _____ State: _____

Its: _____
(Title of person signing on behalf of entity)

Phone: (____) _____ Zip: _____

Address _____

City: _____ State: _____

Phone: (____) _____ Zip: _____

This receipt of the disclosure document may be returned to us using one of the following methods of delivery:

- | | |
|--------------------------------|--|
| By U.S. Mail: | Ryan Weaver |
| or any express courier service | Lee's Franchisor LLC |
| | 1270 N. Eglin Parkway, Suite C-14 |
| | Shalimar, Florida 32579 |
| | -or- |
| By Telecopy: | 850-344-1131 |
| | -or- |
| By E-mail in pdf format: | franchising@famousforchicken.com |

RETURN THIS COPY OF THE RECEIPT TO US