

FRANCHISE DISCLOSURE DOCUMENT



LEE'S FRANCHISOR LLC

a Delaware limited liability company
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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 \$1,228,100 to \$2,049,400 for a new structure, which includes \$40,000 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 \$628,100 to \$1,181,900 for a reimaged structure, 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 streamlined Lee's Famous Recipe® franchise is \$560,000 to \$1,121,900, 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 \$499,700 to \$821,300, which includes \$35,000 that must be paid to the franchisor or its affiliates.

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: May 3, 2024

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

- A: FRANCHISE AGREEMENT
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 - Exhibit B-1: Franchised Premises and Identification as Traditional Stand-alone, Streamlined or Non-traditional Location
 - Exhibit B-2: Site Selection Area for Franchised Premises
 - Exhibit C: Assigned Protected Area
 - Exhibit D: Authorization Agreement for Pre-authorized Payments
 - Exhibit E: List of Owners
 - Exhibit F: Guaranty of Franchisee's Undertakings
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- B: MARKET DEVELOPMENT AGREEMENT
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- C: FINANCIAL STATEMENTS
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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, the franchisee. 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”) 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. Lee’s parent is LFR Chicken LLC with a principal business address of 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579. LFR Chicken LLC’s parent is Artemis Restaurant Corp. with a principal business address of 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579. Lee’s does not have any affiliates that offer franchises in any line of business.

Our affiliate, Lee’s Famous Recipe Advertising Cooperative, Inc., a Florida non-profit corporation, with a principal business address of 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579, provides advertising services to franchisees. Our affiliate Lee’s Distribution LLC, a Delaware limited liability company with a principal business address of 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579, holds the Lee’s proprietary recipes and participates in the procurement of proprietary products to Lee’s franchisees.

We purchased the franchise assets related to the Lee’s Famous Recipe system on June 21, 2021 from our predecessor, Famous Recipe Group, LLC, with a principal business address of 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579 pursuant to an Asset Purchase Agreement dated June 21, 2021.

We conduct business under the name “Lee’s Famous Recipe® Chicken.”

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

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 predecessor Famous Recipe Group, LLC began offering franchises for Lee’s Famous Recipe® Chicken restaurants in January 2014 and did not offer franchises in other lines of business. Famous Recipe Group, LLC’s predecessor, Lee’s Famous Recipes, Inc., began operations in October 2003 and began offering franchises until 2005 and offered licenses for Lee’s Famous Recipe® restaurants in 2008.

Our affiliate, Lee's Famous Recipe Advertising Cooperative, Inc., a Florida non-profit corporation, was formed on May 7, 2014, to offer advertising services to franchisees. Our affiliate does not offer franchises in any line of business.

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**"), under the Lee's Famous Recipe® trademarks 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 and employs approximately 20-45 employees ("**Traditional Stand-alone**"). A streamlined location is either an in-line or end cap location with drive-through capability within a strip center or similar facility and employs approximately 18-30 employees ("**Streamlined**"). A non-traditional location is constructed within another establishment such as a convenience store, airport, school, mall or cafeteria, and employs approximately 10-20 employees ("**Non-Traditional**").

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

If you qualify to open more than one restaurant, we may offer you a Market Development Agreement under which you have the right and obligation to develop a specified number of restaurants by certain deadlines at approved locations within the geographic area specified in the Market Development Agreement. You must sign the then current form of Franchise Agreement for each restaurant developed under the Market 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 Market Development Agreement.

Market and Competition

The market for quick service restaurants is very 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 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.

Senior Vice President: Amanda McArdle

Mrs. McArdle has served as Senior Vice President of Lee's since June 21, 2021. Mrs. McArdle was Senior Vice President of our predecessor in Shalimar, Florida from February 2020 to June 2021, Vice President of Brand and Franchise Services of our predecessor from June 2016 to February 2020, and Director of Administration of our predecessor from April 2013 to June 2016.

Vice President of Operations: William M. Sparks

Mr. Sparks has served as Vice President of Operations of Lee's since June 21, 2021. Mr. Sparks was Vice President of Operations of our predecessor from April 2013 until June 2021.

Vice President of Procurement: Michael Reinert

Mr. Reinert has served as Vice President of Procurement of Lee's since July 2023. Prior to joining Lee's, Mr. Reinert was Vice President of Procurement with Oak View Group in Philadelphia, PA from August 2019 to March 2023. Prior to that, Mr. Reinert was Vice President of Procurement with Delaware North in Buffalo, NY 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 since July 2023. Mr. Kupski was previously Vice President of Purchasing / Research and Development of Lee's from June 2021 until July 2023. Mr. Kupski was Vice President of Purchasing / Research and Development of our predecessor from April 2013 until June 2021.

Vice President of Marketing: Dan Sokolik

Mr. Sokolik has served as Vice President of Marketing of Lee's since January 2022. Prior to joining Lee's, Mr. Sokolik was a Senior Brand Manager with Stone Ward in Little Rock, AR from July 2021 to January 2022. Prior to that, Mr. Sokolik was self-employed from March 2020 to July 2021, and was an Account Director with DP + in Farmington Hills, MI from January 2019 to March 2020. Prior to that, Mr. Sokolik was a Field Marketing & Profitability Manager with Subway Restaurants in Milford, CT 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

For Traditional Stand-alone and Streamlined locations, the initial fee for a single Lee's Famous Recipe Restaurant is \$35,000. For Non-Traditional locations, the initial fee for each Lee's Famous Recipe Restaurant is \$30,000. The initial franchise fee is paid to us in full when you sign the Franchise Agreement, and is deemed fully earned by us upon receipt, and is not refundable under any circumstances. Except as provided in this Item 5, the initial franchise fee is applied uniformly.

Market Development Agreement

If you sign a Market Development Agreement, then you must pay us a development fee that is equal to \$15,000 multiplied by the number of Lee's Famous Recipe Restaurants that you are required to develop in the Development Area in addition to the first Lee's Famous Recipe Restaurant (the "Development Fee"). For example, if you agree to develop three Traditional Stand-alone Lee's Famous Recipe Restaurants, then your Development Fee would equal \$30,000.

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 (\$15,000) 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 paid to us in full when you sign the Franchise Agreement, and is deemed fully earned by us upon receipt, and is not refundable under any circumstances.

In 2008, our predecessor's predecessor, Lee's Famous Recipes, Inc., offered all then existing Lee's Famous Recipe franchisees the option to terminate their franchise agreements and enter into replacement license agreements for the continued use of the Lee's Famous Recipe® Marks and System

within assigned protected areas without the requirement to pay royalties, along with new advertising royalty agreements for the payment of advertising royalty fees at the rate of 1% of gross sales to our affiliate, Lee’s Famous Recipe Advertising Cooperative, Inc. The licensees made a payment of 4.5 times royalties paid in the preceding year. If the existing Lee’s Famous Recipe franchisee also had development rights, as a licensee they may develop additional Lee’s Famous Recipe locations within their assigned development area without paying any further initial franchise fees and any new Lee’s Famous Recipe locations developed operate under the same terms and conditions of the license agreement. As of the date of this Franchise Disclosure Document, there are currently 90 licensed locations in the Lee’s Famous Recipe 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, there is a \$3,000 charge for each additional person to attend training.

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 any additional days or trainers, we currently charge \$500 per day, plus expenses, for each trainer. These fees are uniform.

ITEM 6: OTHER FEES

Name of Fee ¹	Amount	Due Date	Remarks
Royalty ²	4% of Gross Sales ³ for Traditional Stand-alone locations or Streamlined locations; 6% of Gross Sales ³ for Non-Traditional locations	Payable weekly on Gross Sales for the prior week	The only acceptable method of payment is by ACH draft. See Note 3 for definition of “Gross Sales.”
Brand Cooperative Advertising Fund Fee ⁴	2% of Gross Sales ³	Payable weekly on Gross Sales for the prior week	The only acceptable method of payment is by ACH draft. See Note 3 for definition of “Gross Sales.”
Local Advertising Expenditures ⁵	Minimum – 3% of annual Gross Sales ³	Quarterly	Reduced on a dollar for dollar basis by the amount of contributions to local advertising cooperative. See Note 3 for definition of “Gross Sales.”
Regional Advertising Cooperative Fee ⁶	Maximum – 2% of Gross Sales ³	If applicable, each cooperative will establish the timing of contributions	See Note 3 for definition of “Gross Sales.”
Training Fee for Additional Attendees ⁷	\$3,000 for each additional attendee	Prior to attending training	See Note 7.

Name of Fee ¹	Amount	Due Date	Remarks
Opening Assistance - Additional Days or Additional Trainers ⁷	\$500 fee per trainer for each additional trainer or each day beyond 10 consecutive days	5 days after receipt of invoice	See Note 7.
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	
Audits ⁸	Our cost of inspection of audit	Within 15 days after receipt of audit report	Payable only if you understate Gross Sales for any period or periods by 3% or more. The only acceptable method of payment is by ACH draft. See Note 3 for definition of "Gross Sales."
Transfer Fees ⁹ for Franchise Agreement and Market Development Agreement	The then current transfer fee being charged by us (currently \$5,000 per location to be developed for a Market Development Agreement and \$7,500 for each Franchise Agreement)	Upon submission of request for approval	Payable if we approve your transfer of the Franchise Agreement, Market Development Agreement or a controlling interest in you.
Extension Fee for Market Development Agreement	The extension fee is \$5,000 for one 6 month extension of the development schedule	Upon submission of request for approval	Payable if we approve your request for an extension (which is at our sole discretion).
Additional Site Visit Fee	\$1,500 per site visit	If incurred, upon demand	We will provide one site visit to you at no cost, thereafter, we will charge you \$1,500 per site visit until a site is accepted.
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 ¹⁰	Our cost of obtaining insurance coverage and a reasonable administrative fee that we set	If incurred, upon demand	If you do not obtain or maintain the required insurance and we purchase coverage on your behalf, you must reimburse us.

Name of Fee ¹	Amount	Due Date	Remarks
Costs and Attorneys' Fees	Our costs and expenses	If incurred, upon demand	Payable only if you fail to comply with the Market 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 ¹¹	Highest rate permitted by applicable law with a maximum of 18%	Upon receipt of invoice	The only acceptable method of payment is by ACH draft. Payable on all overdue amounts.
Renewal Fee	The then current franchise fee	Upon signing successor Franchise Agreement	You may renew the Franchise Agreement for one additional 20 year term, provided that you satisfy certain conditions.
Stipulated Damages	Equal to Royalty Fees and Cooperative Advertising Fees payable to us during the last 208 weeks immediately preceding termination	On the date your Franchise Agreement is terminated	Applies if we terminate your Franchise Agreement for default.
Gift card program fees, POS system hardware, software, installation, training, maintenance, update and data retrieval fees, internet and computer system fees, customer survey and market research program fees, customer service and feedback program fees, payment card industry data security standard compliance fees.			We plan to implement these fees in the future and reserve the right to charge you when they are implemented.

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 draft) where noted.

2. Royalty. Except as noted below, the 4% royalty is currently uniform for all persons buying a Traditional Stand-alone franchise or a Streamlined franchise, and the 6% royalty is currently uniform for all persons buying a Non-Traditional franchise. In 2008, our predecessor's predecessor, Lee's Famous Recipes, Inc., entered into license agreements with then existing franchisees for the use of the Lee's Famous Recipe[®] Marks and System without the requirement to pay royalties. As of the

date of this Franchise Disclosure Document, there are currently 90 licensed locations in the Lee's Famous Recipe System.

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 Lee's Famous Recipe trademarks, 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 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 draft. We currently do not operate any company-owned units. In the event we elect to do so in the future, based on the current bylaws of our affiliate, Lee's Famous Recipe Advertising Cooperative, Inc., we will have one vote for each and every company-owned unit we operate and each company-owned unit would pay 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 our predecessor's predecessor, Lee's Famous Recipes, Inc., entered into license agreements with then existing franchisees for the use of the Lee's Famous Recipe® Marks and System, our affiliate, Lee's Famous Recipe Advertising Cooperative, Inc., entered into advertising royalty agreements with the licensees that included advertising royalty fees at the rate of 1% of gross sales. As of the date of this Franchise Disclosure Document, there are currently 90 licensees in the Lee's Famous Recipe System.

5. Local Advertising Expenditures. You do not pay these amounts to us directly or indirectly. At our request, you must provide documentation to us each quarter evidencing your local advertising expenditures. In 2008, our predecessor's predecessor, Lee's Famous Recipes, Inc., entered into license agreements with then existing franchisees for the use of the Lee's Famous Recipe® Marks and System which do not require them to make local advertising expenditures. As of the date of this Franchise Disclosure Document, there are currently 90 licensed locations in the Lee's Famous Recipe System.

6. Regional Advertising Cooperative Fee. The Franchise Agreement gives us the right to require you to participate in local or regional cooperative advertising with us and/or other franchisees. The participants of each cooperative determine the amount of the contribution to the cooperative area advertising program which may not be more than 2% of your annual Gross Sales. You must enter into such formal agreements with other participants as may be necessary to accomplish the purposes of the cooperative advertising program. The term "area" for purposes of determining participation in a cooperative area advertising program generally is defined as the "Designated Market Area" as those terms are used in the advertising industry. In 2008, our predecessor's predecessor, Lee's Famous Recipes, Inc., entered into license agreements with then existing franchisees for the use of the Lee's Famous Recipe® Marks and System which do not require them to participate in or pay fees to any local, regional or other national advertising cooperative. As

of the date of this Franchise Disclosure Document, there are currently 90 licensed locations in the Lee's Famous Recipe System. There is currently only one active Regional Advertising Cooperative within the Lee's Famous Recipe System in Ohio.

7. Training. We provide at a charge of \$5,000 for 4 attendees, a 6 to 8 week training course in a Lee's Famous Recipe Restaurant that has been designated by us as a certified training unit. 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 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 may also require that you purchase training materials or other instructional materials from us and the advertising materials for the opening from us. Estimated Initial Investment and Item 11. Franchisor's Assistance, Advertising, Computer Systems, and Training.

8. Audits. You are required periodically to submit certain sales reports and financial statements to us. We have the right to audit your financial records. If any audit discloses that you understated the Gross Sales of your restaurant for any period of time, you must, within 15 days of demand, pay to us the royalty and advertising fees based upon the amount of the understatement plus the specified interest charge (see Note 11 below) from the date such payments were originally due by ACH draft. We conduct audits at our expense; but if an audit discloses that you understated your Gross Sales for any period or periods by 3% or more, you must reimburse us by ACH draft for all our expenses incurred in connection with the audit and immediately pay us all fees due that are related to your understated Gross Sales (including interest accruing thereon). In 2008, our predecessor's predecessor, Lee's Famous Recipes, Inc., entered into license agreements with then existing franchisees for the use of the Lee's Famous Recipe® Marks and System which do not require them to submit to an audit or pay any audit costs. As of the date of this Franchise Disclosure Document, there are currently 90 licensed locations in the Lee's Famous Recipe System.

9. Transfer Fee. You may not transfer or assign any interest in your franchise or development rights (or your entity) without our prior written consent. We are entitled to receive the then current transfer fee being charged when you request our approval for a transfer or assignment.

10. 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 reasonable administrative fee we may designate. In 2008, our predecessor's predecessor, Lee's Famous Recipes, Inc., entered into license agreements with then existing franchisees for the use of the Lee's Famous Recipe® Marks and System which do not require them to maintain insurance, but they are required to indemnify us. As of the date of this Franchise Disclosure Document, there are currently 90 licensed locations in the Lee's Famous Recipe System.

11. 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 ACH draft. The interest rate on any overdue or unpaid amount will be the lower of 18% per year or the highest rate allowed by applicable law.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of expenditure ¹	Amount - Traditional Stand-Alone (New Structure)	Amount - Traditional Stand-Alone (Reimage Existing Structure)	Amount - Streamlined Location	Amount - Non-traditional Location	Method of payment	When due	To whom payment is to be made ¹
Initial Franchise Fee ²	\$35,000	\$35,000	\$35,000	\$30,000	Lump sum	At signing of Franchise Agreement	Lee's
Training Fee ³	\$5,000	\$5,000	\$5,000	\$5,000	Lump Sum	Prior to attending training	Lee's
Training Expenses ³	\$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
Grand Opening Advertising ⁴	\$5,000	\$5,000	\$5,000	\$5,000	As agreed	As incurred	Vendors
Real Estate (leased or purchased) ⁵	(See Note 4)	(See Note 4)	(See Note 4)	(See Note 4)	As agreed	As agreed	Landowner
Building and Improvements ⁶	\$800,000 to \$1,400,000	\$200,000 to \$560,000	\$180,000 to \$500,000	\$150,000 to \$312,500	As agreed	As incurred	Vendors
Equipment, Furniture and Signage ⁷	\$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 ⁸	\$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 ⁹	\$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 ¹⁰	\$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 ¹¹	\$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
Additional Funds - 3 Months ¹²	\$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 ¹³	\$1,228,100 to \$2,049,400	\$628,100 to \$1,181,900	\$560,000 to \$1,121,900	\$499,700 to \$821,300			

Explanatory Notes:

1. **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.

2. **Initial Franchise Fee.** You must pay us the respective Initial Franchise Fee for the type of Lee's Famous Recipe Restaurant that you are granted the right to develop. If you sign a Market

Development Agreement, then you will also be required to pay us a Development Fee equal to \$15,000 multiplied by the number of additional Lee's Famous Recipe Restaurants to be developed.

3. **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 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 6 to 8 weeks, depending on the extent and nature of your prior restaurant industry experience.

4. **Grand Opening Advertising.** You must expend the sum of at least \$5,000 on advertising we approve in connection with the opening of your restaurant. Any amount that you spend on advertising that has not been approved by us will not count towards this requirement.

5. **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.

6. **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.

7. **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.

8. **POS System.** We prescribe the hardware and software for a computerized electronic point-of-sale (“POS”) system and other computer systems, software and communications equipment that is necessary to operate your restaurant. See Item 11. Franchisor’s Assistance, Advertising, Computer Systems, and Training.

9. **Opening Inventory.** This reflects the cost of the beginning inventory of supplies required to commence operations.

10. **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 2 months’ rent for Streamlined and Non-Traditional Locations). The cost of these items will vary greatly depending upon where your restaurant will be located.

11. **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 into a Market Development Agreement or Franchise Agreement because the costs of insurance vary widely and may not be refundable.

12. **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.

13. **Totals.** The totals are estimates for a single restaurant or your first restaurant under a Market Development Agreement and are based on the restaurant operating and franchising experience of our management. 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 Market 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 insure a uniform image and uniform quality of products and services throughout the Lee's Famous Recipe system, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us or our affiliates, you must obtain our consent to the location of your restaurant. You must construct and equip your restaurant in accordance with our then-current approved design, specifications and standards, and it is your responsibility to insure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws.

You also must use equipment (including hardware and software for a computerized electronic point-of-sale ("POS") system and/or other computer systems, communications equipment or electronic services providers), signage, fixtures, furnishings, products, ingredients, services, supplies and advertising and sales promotion materials that meet our specifications and/or standards.

You may sell or use in your restaurant only those products and services that we approve. Approved products and services typically meet specifications and/or standards that we develop and are prepared, manufactured or provided by manufacturers, suppliers and/or distributors that are approved by us. We have the right periodically to add to or delete from the list of products and services approved for sale from, or use in restaurants and to update and alter the specifications and standards for approved products and services.

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. and Dr. Pepper/Seven Up, Inc. for the supply of fountain beverages and other beverages.

You must purchase the proprietary branded products that we or our affiliates develop from time to time, and purchase them indirectly only from us or our affiliate Lee's Distribution, LLC. As of the issuance date of this disclosure document, we are the only approved supplier for the following products: Lee's macaroni & cheese, baked bean sauce, baked bean seasoning, green bean topper, gravy, red beans and sausage, biscuit dough, chicken seasoning and spice, chicken marinade, chicken breading and dips, dipping sauces and dressings.

You must 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 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. 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 may grant temporary approval, pending our further evaluation of the distributor or other supplier.

If you want to use any item that is to be purchased from a supplier or manufacturer that has not yet been approved, you must first submit a written request with sufficient information, specifications and samples for our review to start the process to determine whether the item complies with system standards or the supplier meets approved supplier criteria. We will provide our criteria for approving alternative suppliers available to you in our Manuals. The supplier or manufacturer must also sign a confidentiality and nondisclosure agreement. We have the right to charge you a reasonable fee to cover the costs we incur in making this determination and will, within a reasonable time notify you of our decision, not to exceed 90 days from our receipt of the request. We maintain procedures for submitting requests for approval of items and suppliers in our Manuals, and may impose limits on the number of approved items and suppliers. 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 trademarks.

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 POS systems.

You may use alternate equipment to the other items of recommended equipment only if you notify us in advance in writing and the alternate equipment is of the same quality and performs the same functions as the recommended equipment.

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 and our affiliates reserve the right to receive rebates, marketing allowances, and similar funds from third party suppliers. Currently, our affiliate receives flat rate rebates, marketing allowances, and/or similar funds from PepsiCo Sales, Inc. and Dr Pepper/Seven Up Inc. based upon the volume of products purchased by all Lee’s Famous Recipe restaurants. Our affiliate 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 affiliate 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, 2023, we did not receive any revenue from required purchases or products and services by franchisees, but our affiliate Lee’s Distribution LLC received \$14,349,649 in revenue from required purchases or products and services by franchisees.

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

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.

We may negotiate purchase arrangements with suppliers and distributors, including price terms, that will benefit the Lee’s Famous Recipe system, but we do not negotiate on behalf of individual franchisees.

You must obtain and maintain, at your own expense, insurance coverage that satisfies our requirements and meets the insurance-related obligations in the Market Development Agreement and Franchise Agreement. You must carry all risk property insurance coverage (including flood and/or earthquake, if appropriate) covering your restaurant building and equipment in the amount of the full insurable replacement cost value of the property. Additionally, the policy must include business interruption insurance that covers your obligation to pay an amount equal to the royalty and advertising fees you otherwise would pay us during any covered interruption. You also must secure commercial general liability and commercial motor vehicle liability insurance policies with limits we periodically determine but with a minimum limit of \$1,000,000 for each occurrence and an aggregate limit of at least \$2,000,000. The policy further must specifically insure your obligation to indemnify us under the Market Development Agreement and the Franchise Agreement. You also must carry products liability and advertising liability insurance with limits we periodically determine but with an aggregate limit of at least \$2,000,000. You must name us as an additional insured under each liability and property insurance policy on a primary and non-contributory basis and with waiver of subrogation rights, and you must provide us with certificates of insurance evidencing your insurance coverage. All policies must contain endorsements requiring the insurance company to give us at least 30 days’ written notice before terminating, canceling or making any changes in any policy. These are minimum requirements and you are responsible for consulting with insurance professionals to evaluate your own risk and exposure.

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

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	Articles 5 of franchise agreement, Article 1 of market development agreement	Items 5, 7 and 11
b. Pre-opening purchase/leases	Articles 4, 6.3,7, 10.1.1(b) and 12.4 of franchise agreement	Item 5, 7 and 8
c. Site development and other pre-opening requirements	Articles 5 of franchise agreement, Article 1 of market development agreement	Items 5, 7 and 11
d. Initial and ongoing training	Article 6 of franchise agreement	Items 5,7, 11 and 15

Obligation	Section In Agreement	Disclosure Document Item
e. Opening	Article 6.3 of franchise agreement; Article 1 of market development agreement	Items 5 and 11
f. Fees	Articles 2, 3, 6.3, 7.4, 10, 12.4, 14.2 and 16.2 of franchise agreement; Articles 2 of market development agreement	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Articles 1, 4, 5, 6, 7, 9 and 10.1.1 of franchise agreement	Items 8, 11 and 16
h. Trademarks and proprietary information	Articles 1 and 11 of franchise agreement; Article 8 of market development agreement	Items 13 and 14
i. Restrictions on products/services offered	Articles 1, 4, 7 and 9 of franchise agreement	Items 8, 11 and 16
j. Warranty and customer service requirements	Articles 4 and 6 of franchise agreement	Items 6, 8 and 11
k. Territorial development and sales quotas	Articles 1 and 5 of market development agreement	Item 12
l. Ongoing product/service purchases	Articles 3.2.1, 6.2, and 7 of franchise agreement	Items 6, 8 and 11
m. Maintenance, appearance and remodeling requirements	Articles 5, 12.4, 14.2 and 16.2 of franchise agreement	Item 11
n. Insurance	Articles 5.4 and 12.4 of franchise agreement	Items 6, 7 and 8
o. Advertising	Articles 10 and 11.2 of franchise agreement	Items 6, 7, 8 and 11
p. Indemnification	Articles 12.4 and 12.5 of franchise agreement; Article 19 of market development agreement	Item 6
q. Owner's participation/management staffing	Article 6.2 of franchise agreement	Items 11 and 15
r. Records and reports	Articles 3.1 and 3.2 of franchise agreement	Item 11
s. Inspections and audits	Articles 3.2 and 9.1 of franchise agreement	Item 6
t. Transfer	Article 16 of franchise agreement; Article 7 of market development agreement	Items 6 and 17
u. Renewal	Article 14.2 of franchise agreement	Items 6 and 17

Obligation	Section In Agreement	Disclosure Document Item
v. Post-termination obligations	Articles 13, 15.3, 15.4 and 15.5 of franchise agreement; Article 9 of market development agreement	Item 17
w. Non-competition covenants	Article 13.1 of franchise agreement; Article 9 of market development agreement	Item 17
x. Dispute resolution	Article 20 of franchise agreement; Articles 11-13 of market 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:

1. Designate a territory for you to develop the restaurant(s) (Franchise Agreement - Articles 1 and 5). You must find a location for your Lee's Famous Recipe Restaurant within the designated territory of your Market Development Agreement. We grant each franchise for a specific location only. We do not own and then lease the real estate to you.

2. Review the proposed site 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 (see Franchise Agreement - Article 5). You must submit specific site data and demographic and other information about the proposed site, including a current scaled map of city/town, area income analysis, area demographic description, traffic counts, site description and plot plan on site, color photos, area competition information, building and signage plans, which we consider in accepting or rejecting the proposed site (Franchise Agreement - Article 5). We will notify you in writing within 14 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 Market 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.

3. 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 must approve all final plans before the start of construction. (Franchise Agreement - Article 5); and
4. Grant you a limited right to use the Lee's Famous Recipe trademarks (Franchise Agreement - Article 1).
5. Furnish you with our Manuals and the mandatory and suggested specifications, and approved suppliers for the equipment, signs, fixtures, opening inventory and suppliers for the opening of your restaurant (Franchise Agreement - Articles 1).
6. Provide a training program for a \$5,000 fee, for you and certain management employees that we designate at the training facility we designate (Franchise Agreement - Article 6).
7. Provide up to 10 consecutive days of on-site assistance by a minimum of two trainers in the opening of the restaurant. (Franchise Agreement - Article 6).

Length of Time Before Opening; Deadline to Open

The typical length of time between signing the Franchise Agreement and the opening of the franchised restaurant will range between 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 365 days after the effective date of the Franchise Agreement, unless we provide otherwise in writing, and we may terminate the Franchise Agreement if you fail to do so (Franchise Agreement - Article 4.2).

Ongoing Obligations

During the operation of your restaurant, we will:

1. Renew the Franchise Agreement if you satisfy the conditions described in the Franchise Agreement (Franchise Agreement- Article 14.2).

2. Administer the cooperative advertising fund that we control to provide such advertising and advertising material as we deem necessary on a national, regional or local basis. We may require you to pay for some of the advertising materials that we make available to you (Franchise Agreement - Article 10.2).
3. Review any proposed assignment of the Franchise Agreement or interest in you and either approve or disapprove that proposed assignment (Franchise Agreement - Article 16).
4. Conduct periodic inspections of your restaurant and periodic evaluations of the products you use and sell in the restaurant (Franchise Agreement - Article 9).

Advertising

Brand Cooperative Advertising

We, or our designee, maintain and administer an advertising fund (the “Brand Cooperative Advertising Fund”) for such advertising, marketing and public relations programs and materials as we deem necessary or appropriate in our sole discretion (Franchise Agreement – Article 10.2). You must contribute 2% of your gross sales on a weekly basis to the Brand Cooperative Advertising Fund. Other Lee’s Famous Recipe franchisees and licensees contribute at different rates and at different times.

The current designee to maintain and administer the Brand Cooperative Advertising Fund is our affiliate, Lee’s Famous Recipe Advertising Cooperative, Inc. You must join, actively participate in, and comply with the then current bylaws of Lee’s Famous Recipe Advertising Cooperative, Inc. (attached as Exhibit I) or any successors or replacements we designate.

We have currently retained a national advertising agency to direct all programs financed by the Brand Cooperative Advertising Fund. The Company retains sole discretion over the creative concepts, materials and endorsements used. The Brand Cooperative Advertising Fund may be used to: pay the costs of preparing and producing digital, video, audio and written advertising materials; employing advertising, promotion and marketing agencies to provide assistance; and supporting public relations, market research and other advertising, promotion and marketing activities. The Brand Cooperative Advertising Fund will furnish you with samples of advertising, marketing and promotional formats and materials at no cost. We will furnish multiple copies of such materials to you at our direct cost of producing them, plus any related shipping, handling and storage charges. You may use your own advertising and promotional materials if we have preapproved them before first publication or use.

The Brand Cooperative Advertising Fund is intended to promote recognition of the trademarks and service marks and patronage of Lee’s Famous Recipe Restaurants. We will endeavor to use the Brand Cooperative Advertising Fund to develop advertising and marketing materials and programs that will benefit as many Lee’s Famous Recipe Restaurants as possible, but we are not obligated to ensure that Brand Cooperative Advertising Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Cooperative Advertising Fund by Lee’s Famous Recipe Restaurants operating in that geographic area, or that any Lee’s Famous Recipe Restaurant will benefit directly or in proportion to its contribution to the

Brand Cooperative Advertising Fund, or that the advertising and marketing materials will apply to your territory.

We are not required to audit the Brand Cooperative Advertising Fund, but we will account for the Brand Cooperative Advertising Fund separately from our other funds. We may use it to defray our operating expenses related to the administration and direction of the Brand Cooperative Advertising Fund or its programs. We may spend, on behalf of the Brand Cooperative Advertising Fund, in any fiscal year an amount greater or less than the aggregate contributions to the Brand Cooperative Advertising Fund in that year, and the Brand Cooperative Advertising Fund may borrow from us (and we may charge interest on such advances) or others to cover deficits or invest any surplus for future use. We will use all interest earned on monies contributed (not advanced) to the Brand Cooperative Advertising Fund to pay advertising costs before we expend other assets of the Brand Cooperative Advertising Fund. If all of the Brand Cooperative Advertising Fund fees that accrue during a year are not spent during that year, the amounts are carried over to the following year. 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. We currently operate company restaurants, and make contributions on a similar basis to the Brand Cooperative Advertising Fund as Lee's Famous Recipe franchisees and licensees do, but we are not required to do so. The Fund is not a trust or escrow account, and we and our designee have no fiduciary obligations regarding the Fund. We currently do not spend Brand Cooperative Advertising Fund monies to solicit the sale of franchises.

During the time period from January 1, 2023 to December 31, 2023, the Brand Cooperative Advertising Fund expenditures were as follows:

Advertising and Promotions	34.0%
Brand Programs	20.1%
System Promos and LTOs	9.3%
Public Relations and Donations	2.4%
Administration of Cooperative	<u>34.3%</u>
	100.0%

Brand Cooperative Advertising Council and Bylaws

As of the issuance date of this disclosure document, we have a Brand Cooperative Advertising council composed of six store operators (which may consist of franchisees, licensees, or corporate store representatives) and three members representing us. Of the six store operator members, one member is a corporate store representative and the other five are licensees/franchisees. We have the right to select the each of the members on the council. The council serves in an advisory capacity only and has no operational or decision-making power. We have the power to change or dissolve the advertising council at any time.

Regional Advertising Cooperative

After your restaurant opens, you must participate in any regional advertising cooperative that we establish or that other Lee's Famous Recipe franchisees in the area where your restaurant is located establish (Franchise Agreement - Article 10.3). The regional advertising cooperative determines

the amount of your contribution for a local advertising cooperative, but the amount may not exceed 2% of your Gross Sales. Your required local marketing advertising expenditures (see below) will be reduced dollar for dollar by payments to a regional advertising cooperative.

Each regional advertising cooperative must adopt written governing documents. A copy of the governing documents of any regional advertising cooperative (if one has been established) for your restaurant is available upon request. Each regional advertising cooperative will determine its own voting procedures. The members and their elected officers are responsible for administering any regional advertising cooperative. If a Lee's Famous Recipe restaurant that we or our affiliates own and operate elects to participate in any regional advertising cooperative, such restaurant will have equal voting power and contribute to the regional advertising cooperative on the same basis as the participating franchisees or licensees. Each regional advertising cooperative must prepare annual statements that will be available for review by each member.

We are forming a local advertising cooperative in Ohio, LFRC OH Advertising Cooperative Inc. (the "OH Cooperative"). As of the issuance date of this disclosure document, we anticipate there will be 24 participating units in the OH Cooperative (9 corporate owned and operated units, 3 franchised units, and 12 licensed units) and that each participating unit will receive 1 vote. We intend that all participating units will contribute 1.0% of gross sales which will be 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.

If no regional advertising cooperative exists when and where your restaurant opens, we reserve the right to require you to participate in an advertising cooperative if one is created in your area. We also reserve the right to change, dissolve or merge any regional advertising cooperatives.

Local Market Advertising

In addition to your required contributions to the Brand Cooperative Advertising Fund described above, you must spend each quarter for local advertising and promotion of your restaurant at least 3% of Gross Sales (Franchise Agreement - Article 10.1.1). In addition to these requirements, you also must spend at least \$5,000 to promote the opening of your restaurant (Franchise Agreement - Article 10.1.1). You must obtain our prior written approval on how you may spend the \$5,000. You also must obtain listings in the white and yellow page telephone directories that cover your territory. 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 on local advertising and promotion of your restaurant. We do not credit the costs of telephone directory advertising and on-site signs toward this advertising obligation, nor will we count the costs of products sold at reduced price or given away toward fulfillment of this obligation.

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) (Franchise Agreement - Article 11.2.2). You may not use any advertising or promotional materials that we have disapproved.

Point-of-Sale System

We require that you purchase or lease and use a point-of-sale (“POS”) system that has been approved in writing by us and meets our specifications and requirements. (Franchise Agreement - Article 3.2.1). 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. We estimate the cost of purchasing the POS system will be \$30,000 to \$40,000 per restaurant.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the POS system. (Franchise Agreement - Article 3.2.1). There are no limitations in the Franchise Agreement regarding the cost of such required support, maintenance, repairs, or upgrades relating to the POS System, however, we estimate the annual costs of required maintenance, updating, upgrading or support contracts will be \$8,000 to \$15,000. We may revise our specifications for the POS system periodically. Consequently, you must upgrade or replace your POS system at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation.

We (or our vendor) will have independent access to the information generated by the POS system. (Franchise Agreement - Article 3.2.1). This includes 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 from your POS system. 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 \$2,500 per year. In addition, this requires a high level of internet speed and connectivity and the system must be able to be programmed to coordinate the polling of data on a daily, weekly and period basis.

Computer Systems

We require that you purchase or lease and use a computer system that has been approved in writing by us and meets our specifications and requirements. (Franchise Agreement - Article 3.2.1). The computer system will be used to access the internet, link to the POS system, email and other necessary communications with us, download our marketing materials, view online training videos, and webinars, along with other required forms of training and communication.

We estimate the cost of purchasing the computer system will be \$1,000 to \$2,000 per restaurant. We currently require you to purchase certain back-office software from our approved vendor, which currently costs between \$100 - \$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. (Franchise Agreement - Article 3.2.1).

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the computer system. (Franchise Agreement - Article 3.2.1). There are no limitations in the Franchise Agreement regarding the cost of such required support, maintenance, repairs, or upgrades relating to the computer system, however, we estimate the annual costs of required maintenance, updating, upgrading or support contracts will be \$1,500 to \$3,500. We may revise our specifications for the computer system periodically. Consequently, you must upgrade or replace your computer system at such time as specifications are revised. There is no limitation on the frequency and cost of this obligation. We may independently access from a remote location, at any time, all information input to and compiled by your computer system, including information concerning sales, purchase orders, inventory, and expenditures. There are no contractual limitations to our right to access the information and data.

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*
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*

Subject	Number of Hours of Classroom Training	Number of Hours of On-The-Job Training	Location
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*
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*

Subject	Number of Hours of Classroom Training	Number of Hours of On-The-Job Training	Location
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, must complete, to our satisfaction, our training program at a designated training restaurant, or other approved location we choose, which lasts for approximately 6 to 8 weeks, depending on the extent and nature of your prior restaurant industry experience. (Franchise Agreement - Article 6.2).

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 Market 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 three managers in each of your restaurants who has successfully completed our training program (as determined by us) or a comparable program that we approve. You must pay our then current charges for training. 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 you attend refresher or additional training courses at our then current charge and you are responsible for travel and living expenses. We may also require you to purchase training materials or other instructional materials or content from us.

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 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 our predecessor 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 our predecessor 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.

ITEM 12: TERRITORY

Market Development Agreement

If you enter into a Market Development Agreement, you will be granted the right to develop and operate a certain agreed upon number of Lee's Famous Recipe Restaurants at agreed upon authorized locations within your specified development area ("Development Area") in accordance with a specific development schedule ("Development Schedule"). The size of the Development Area will vary depending on the number and type of restaurant(s) to be developed. The typical size of a Development Area for each location is a one mile radius. You must obtain our written consent to each authorized location and you must sign the then-current form of franchise agreement for each location, which will detail the rights specific to each restaurant and may contain materially different terms than the Franchise Agreement attached as Exhibit A.

You will not receive an exclusive territory under a Market Development Agreement. You may face competition from franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, during the term of the Market Development Agreement we will not establish or franchise others to establish Lee's Famous Recipe Restaurants within the Development Area prior to the expiration or termination of the Market Development Agreement, except as otherwise described in this Item. 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).

Your right to develop Restaurants in your Development Area is conditioned on your compliance with the Development Schedule in your Market Development Agreement. If you fail to comply with the Development Schedule, then we may terminate your Market Development Agreement, modify your territorial rights in or to the Development Area, reduce or modify the Development Area, or reduce the number of Restaurants that you shall develop under the Market Development Agreement. If the Market Development Agreement is terminated or expires, we can own, operate, franchise and license others to operate Lee's Famous Recipe Restaurants in the development area, subject to the protected territory granted to you under Franchise Agreements that remain in effect.

The continuation of your rights in the Development Area does not depend upon achieving a certain sales volume, market penetration or other contingency (except developing the agreed upon number of restaurants within a certain period of time).

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. Within the Development Area, your exclusivity does not apply to the following:

1. We and our affiliates may grant rights to master concessionaires or contract food service providers to operate Lee's Famous Recipe outlets inside airports and other travel facilities, military bases, hospitals, convention centers, stadiums, arenas, or other recreational, entertainment, business or industrial food service facilities where food service is provided only by a master concessionaire or contract food service provider in your Development Area.

2. We and our affiliates may establish or acquire restaurants or other food service units selling the same or similar products or services using different trademarks and service marks. Outlets of other brands could exist or be established in your Development Area, and your restaurants may have to compete with them. We do not have a policy to resolve conflicts between different brands regarding territory, customers, and franchisor support.

3. We and our affiliates can offer and sell the same or similar products, or other products, through any other distribution channel, including sales through wholesale distributors, supermarkets, other retail outlets, and the Internet and other electronic channels, using the trademarks or any other marks, to any location.

We will have no obligation to compensate you in connection with any such activities.

Franchise Agreement

The Franchise Agreement grants you the right to operate a Lee's Famous Recipe Restaurant only at a specific location. You may not conduct your business from any other location. You may not relocate the restaurant without our prior written approval. We may approve a request to relocate the restaurant in accordance with the provisions of the Franchise Agreement that provide for the relocation of the restaurant, and our then-current site selection policies and procedures.

You will not receive an exclusive territory. You may face competition from other channels of distribution or from other competitive brands that we may control in the future. However, during the term of the Franchise Agreement, we will not establish or franchise others to establish another Lee's Famous Recipe Restaurant with your assigned protected area ("Assigned Protected Area"). 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).

Your Assigned Protected Area will be determined in our sole discretion as described in Exhibit C to the Franchise Agreement. The Assigned Protected Area for a Traditional Stand-alone location and a Streamlined location is typically a circle having a one mile radius with the Franchise Premises (as defined in the Franchise Agreement) as the center. In the case of Non-Traditional locations, we will determine the Assigned Protected Area in our sole discretion based upon anticipated customer counts and may limit the Assigned Protected Area 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 C to the Franchise Agreement. We have the right to operate, and to license others to operate, a Lee's Famous Recipe Restaurant at any location outside of your Assigned Protected Area. Continuation of the Assigned Protected Area is not dependent upon your achieving certain sales volumes or other contingencies.

You may provide food catering services and deliveries from your restaurant to points inside or outside your Assigned Protected Area, but you may not solicit outside of your Assigned Protected Area. You may provide catering and delivery services in the territories of other Lee's Famous Recipe Restaurants without compensating the operator of those restaurants; likewise, other Lee's Famous Recipe Restaurants may provide catering and delivery services in your protected area without compensating you. We may impose restrictions on the territory for providing catering and delivery services in the future.

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 Assigned Protected Area, even if doing so will or might affect your operation of your restaurant. Within your Assigned Protected Area, your exclusivity does not apply to the following:

1. We and our affiliates may grant rights to master concessionaires or contract food service providers to operate Lee's Famous Recipe outlets inside airports and other travel facilities, military bases, hospitals, convention centers, stadiums, arenas, or other recreational, entertainment, business or industrial food service facilities where food service is provided only by a master concessionaire or contract food service provider in your Assigned Protected Area.
2. We and our affiliates may establish or acquire restaurants or other food service units selling the same or similar products or services using different trademarks and service marks. Outlets of other brands could exist or be established in your Assigned Protected Area, and your restaurant may have to compete with them. We do not have a policy to resolve conflicts between different brands regarding territory, customers, and franchisor support.
3. We and our affiliates can offer and sell the same or similar products, or other products, through any other distribution channel, including sales through wholesale distributors, supermarkets, other retail outlets, and the Internet and other electronic channels, using the trademarks or any other marks, to any location.

We will have no obligation to compensate you in connection with any such activities.

Options and First-Refusal Rights

Your Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises at any location.



ITEM 13: TRADEMARKS

The Franchise Agreement licenses you to use the Lee's Famous Recipe[®] trademarks, service marks and trade names (collectively, "trademarks"). 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 trademarks 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

* 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 marks on the Principal Register of the USPTO:

Principal Trademark	Serial Number	Date of Application
LEE'S FAMOUS RECIPE CHICKEN (Design)	97907566	April 26, 2023
	97907567	April 26, 2023
	97907563	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 trademarks.

The trademarks are owned by LFR Chicken LLC (“Parent”), which has granted us a license to use and license franchisees to use the marks effective June 21, 2021 (the “Trademark License Agreement”). Parent may terminate the Trademark License Agreement if our misuse of the trademarks materially impairs the goodwill associated with the trademarks, if we violate any of Parent’s instructions concerning the quality of the trademarks, 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 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 trademarks listed in this Item in a manner material to the franchise.

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

You must notify us immediately of any infringement or unauthorized use of the trademarks 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 trademarks 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 trademarks, 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 trademarks.

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 claim copyright ownership and protection in our manuals, promotional and other materials, although these copyrights may not be registered with the United States Copyright Office.

There are no current material determinations of the United States Patent and Trademark Office, the United States Copyright Office or any court regarding any patent or of any copyright. There are currently no agreements in effect that limit the use of any patent or copyright in a manner affecting you.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights.

You must notify us immediately of any infringement or unauthorized use of patents and copyrights 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 patents or copyrights 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 any patents or copyrights, 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 any subject matter covered by a patent or copyright and we are not obligated to reimburse you for any costs associated with compliance.

We know of no patent or copyright infringement that could materially affect you.

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 manuals at your cost. Upon termination of your Franchise Agreement, you must return all confidential and proprietary information, including all manuals, product preparation materials and related material.

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. If more than one individual or a legal entity such as a corporation, partnership or limited liability company owns the franchise, you must designate and retain an individual to serve as the Operating Principal of the restaurant. The Operating Principal must be approved by us and must have at least a 5% ownership interest in the restaurant or a 5% profit participation in the restaurant. The Operating Principal must have full control over the day-to-day operations of the restaurant 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 the 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 the restaurant. 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 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 F 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 G to the Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the restaurant solely for the operation of a Lee’s Famous Recipe® restaurant and must keep the restaurant open and in normal operation for the hours and ways we specify in the manuals or otherwise in writing.

You must meet the highest applicable health standard and rating. You must operate the restaurant in strict compliance with the methods, standards and specifications in the manuals or as we specify in writing.

You must offer for sale and sell only those products and services that we have approved. You may not offer for sale any products or perform any services that we have not authorized. You may not offer for sale or otherwise handle alcoholic or intoxicating beverages. We have the right to change the types of authorized products and services and there are no limits on our right to do so.

We do not limit the customers to whom you may sell goods or services provided you do so from the location of your restaurant and do not solicit outside your protected area. You may provide catering services and deliveries outside your protected area, but may not solicit outside your protected area.

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	14.1	Term is 20 years.
b.	Renewal or extension of the term	14.2	If you are in good standing, you may renew for an additional 20-year term.

	Provision	Section in franchise agreement	Summary
c.	Requirements for franchisee to renew or extend	14.2	You must not be in default of any agreement or contract with us or our affiliates in the prior 24 months; modernize the restaurant, give 120 days' written notice; pay then current renewal fee, general release signed by you (Exhibit J to this FDD), training, and sign then-current franchise agreement which may contain materially different terms than your franchise agreement and other required documents.
d.	Termination by franchisee	None	Not applicable.
e.	Termination by franchisor without cause	None	Not applicable.
f.	Termination by franchisor with cause	15	We can terminate only if you default under the franchise agreement or for other specified grounds.
g.	"Cause" defined – curable defaults	15.1.2 and 15.1.3	You have 5 days after notice to cure non-payment defaults, you have 30 days after notice to cure any other defaults (excluding non-payment and defaults identified in item “h” below).
h.	"Cause" defined - non-curable defaults	15.1, 15.1.1 and 15.1.4	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 draft capability, failure to restore operations within 365 days after loss of possession by either condemnation or casualty.
i.	Franchisee's obligations on termination/non-renewal	15.3	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.)
j.	Assignment of contract by franchisor	16.7	No restriction on our right to assign.
k.	"Transfer" by franchisee - defined	16.1 and 16.4	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.

	Provision	Section in franchise agreement	Summary
l.	Franchisor approval of transfer by franchisee	16.2	No transfers by you are permitted without our prior written approval and specified conditions are met.
m.	Conditions for franchisor approval of transfer	16.2, 16.3, 16.4 and 16.5	60 days' notice, proposed franchisee qualifies, purchase agreement terms approved, all amounts owed by you paid, you are in compliance with your agreements with us, pay then current transfer fee, then current form of franchise agreement which may contain materially different terms than your franchise agreement and other required documents signed by proposed franchisee, general release signed by you (Exhibit J to this FDD), required guarantees signed, required, replacements and upgrades completed, training completed, landlord's consent obtained, trademarks not used in sale process without our consent, (also see items "n" and "r" below).
n.	Franchisor's right of first refusal to acquire franchisee's business	16.6	We, or our designee, have the right of first refusal to match any offer for any interest in the agreement, the business premises or the business.
o.	Franchisor's option to purchase franchisee's business	None	Not applicable
p.	Death or disability of franchisee	16.3	Your interest must be assigned to an approved transferee within six months of your death or disability in accordance with Section 16.2 (see item "m" above.)
q.	Non-competition covenants during the term of the franchise	13.1	You and your owners or guarantors may not own, operate or manage a similar business.
r.	Non-competition covenants after the franchise is terminated or expires	13.1	No direct or indirect involvement by you, your owners or guarantors in a competing business for 2 years within 5 miles of your assigned protected area or the assigned protected area of any of our other franchisees.
s.	Modification of the agreement	1.2.2, 1.2.3, 4.1, 11.5 and 20.6	No modifications unless in writing signed by the parties, but manuals, trademarks and menu subject to change.
t.	Integration/merger clause	20.6 and 21	The franchise 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	20.3	Except for certain claims, non-binding mediation is required before litigation in the city where our principal office is located.
v.	Choice of forum	20.3	Litigation must be in the federal or state court where our principal executive office is located (see also state-specific addenda attached as Exhibit G to this FDD) (subject to state law).

	Provision	Section in franchise agreement	Summary
w.	Choice of law	20.2	Applicable law is that of the state where our principal executive office is located (see also state-specific addenda attached as Exhibit G to this FDD) (subject to state law).

MARKET DEVELOPMENT AGREEMENT

	Provision	Section in development agreement	Summary
a.	Length of the franchise term	6	The term begins upon execution and ends on the earlier of (a) the date you actually open the last restaurant you are required to open under your Development Schedule, and (b) the expiration of your Development Schedule.
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	6	We can terminate if you default.
g.	"Cause" defined – curable defaults	6	Not applicable
h.	"Cause" defined - non-curable defaults	6	(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) if any Franchise Agreement is terminated or subject; (vi) failure to execute a Franchise Agreement by the deadline.
i.	Franchisee's obligations on termination/non-renewal	9	All rights granted under the agreement are extinguished; compliance with restrictive covenants
j.	Assignment of contract by franchisor	7	No restriction on our right to assign.
k.	"Transfer" by franchisee - defined	7	Includes the transfer of an interest in you (including your owners) or in the Development Agreement.
l.	Franchisor approval of transfer by franchisee	7	We have the right to approve all transfers.

	Provision	Section in development agreement	Summary
m.	Conditions for franchisor approval of transfer	7	60 days' notice, new developer qualifies, all amounts owed by you paid, you are in compliance your other agreements with us, all agreements with us in your development area transferred, pay then current transfer fee, then current form of market development agreement signed which may contain materially different terms than your market development agreement and required documents signed by proposed transferee, general release signed by you (Exhibit J to this FDD).
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	7	We will not unreasonably withhold our consent to transfer to a transferee who we determine is capable of performing your obligations and subject to the conditions as listed in "m" above.
q.	Non-competition covenants during the term of the franchise	9	You may not own, operate or manage a similar business.
r.	Non-competition covenants after the franchise is terminated or expires	9	No direct or indirect involvement by you or your owners, or guarantors in a competing business for 2 years within 5 miles of your Development Area or the Development Area of any of our other developers.
s.	Modification of the agreement	27	No modification unless in writing and signed by the parties.
t.	Integration/merger clause	27	The market 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	11-13	Except for certain claims, non-binding mediation is required before litigation in the city where our principal office is located.
v.	Choice of forum	12	Litigation must be in the federal or state court where our principal executive office is located (see also state-specific addenda attached as Exhibit G to this FDD) (subject to state law).
w.	Choice of law	11	Applicable law is that of the state where our principal executive office is located (see also state-specific addenda attached as Exhibit G 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 financial performance representation is historic information based upon our existing franchisees, licensees, and corporate-owned locations whose businesses were in operation for the full year of 2023. As of December 31, 2023, there were (a) 106 existing franchised and licensed outlets, 105 of which were open and operating during the entire 2023 calendar year, and (b) 17 corporate-owned locations, which includes 5 locations that we reacquired from franchisees during the year, but were in continuous operation throughout 2023. We have excluded from the financial performance representations: one non-traditional franchised outlet because it is not the type of non-traditional location that we are offering or selling under this disclosure document. No outlets outside the United States are included in this Item 19. The operations of licensed outlets and corporate outlets are similar to those of the franchised outlets offered by this Franchise Disclosure Document except that licensed outlets and corporate outlets do not have certain expenses that franchised outlets have, such as payment of royalties.

We obtained these historical financial results from the information submitted to us by franchisees and licensees. This is the only criteria that were used to select the financial performance information that is included in Item 19. Neither we nor a certified public accountant have independently audited or verified the information.

The figures show the average and median unit sales volume for the number of outlets in the various sale ranges (divided into four quartiles). The charts show the number of outlets in each quartile and the average and median unit sales volume for the outlets within each quartile.

We present the average gross sales as well as the number and percentage achieving or surpassing the average gross sales in each quartile. "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 the applicable Lee's Famous Recipe Restaurant location, or from the sale of any products or services associated with the use of the Lee's Famous Recipe trademarks, 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.

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.

Average Gross Sales of Corporate and Franchised Restaurants

Quartile	Arithmetic Average		Median
First Quartile (31 out of 122 restaurants)	\$2,949,368		\$2,701,359
	Number Above Average	10	
	Percentage Above Average	32%	
Second Quartile (30 out of 122 restaurants)	\$1,840,795		\$1,791,479
	Number Above Average	13	
	Percentage Above Average	43%	
Third Quartile (30 out of 122 restaurants)	\$1,479,166		\$1,472,448
	Number Above Average	14	
	Percentage Above Average	47%	
Fourth Quartile (31 out of 122 restaurants)	\$1,033,929		\$1,053,219
	Number Above Average	16	
	Percentage Above Average	52%	

Gross Sales Range of Corporate and Franchised Restaurants

Quartile	High	Low
First Quartile (31 out of 122 restaurants)	\$6,184,146	\$2,143,427
Second Quartile (30 out of 122 restaurants)	\$2,119,374	\$1,655,537
Third Quartile (30 out of 122 restaurants)	\$1,618,650	\$1,285,399
Fourth Quartile (31 out of 122 restaurants)	\$1,274,641	\$784,172

Average Gross Sales of Corporate Restaurants Only

Quartile	Arithmetic Average		Median
First Quartile (4 out of 17 restaurants)	\$3,333,174		\$3,061,755
	Number Above Average	2	
	Percentage Above Average	50%	
Second Quartile (4 out of 17 restaurants)	\$2,071,091		\$2,064,642
	Number Above Average	1	
	Percentage Above Average	25%	
Third Quartile (4 out of 17 restaurants)	\$1,768,248		\$1,770,503
	Number Above Average	2	
	Percentage Above Average	50%	
Fourth Quartile (5 out of 17 restaurants)	\$1,499,665		\$1,518,577
	Number Above Average	3	
	Percentage Above Average	60%	

Gross Sales Range of Corporate Restaurants Only

Quartile	High	Low
First Quartile (4 out of 17 restaurants)	\$4,464,016	\$2,745,169
Second Quartile (4 out of 17 restaurants)	\$2,143,427	\$2,011,652
Third Quartile (4 out of 17 restaurants)	\$1,818,803	\$1,713,182
Fourth Quartile (5 out of 17 restaurants)	\$1,698,437	\$1,228,459

Average Gross Sales of Franchised Restaurants Only

Quartile	Arithmetic Average		Median
First Quartile (26 out of 105 restaurants)	\$2,921,319		\$2,639,531
	Number Above Average	9	
	Percentage Above Average	35%	
Second Quartile (26 out of 105 restaurants)	\$1,798,722		\$1,767,063
	Number Above Average	10	
	Percentage Above Average	38%	
Third Quartile (26 out of 105 restaurants)	\$1,426,059		\$1,429,812
	Number Above Average	14	
	Percentage Above Average	54%	
Fourth Quartile (27 out of 105 restaurants)	\$1,003,484		\$985,001
	Number Above Average	12	
	Percentage Above Average	44%	

Gross Sales Range of Franchised Restaurants Only

Quartile	High	Low
First Quartile (26 out of 105 restaurants)	\$6,184,146	\$2,194,364
Second Quartile (26 out of 105 restaurants)	\$2,119,374	\$1,609,196
Third Quartile (26 out of 105 restaurants)	\$1,608,862	\$1,225,273
Fourth Quartile (27 out of 105 restaurants)	\$1,224,446	\$784,172

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

Because the financial performance data included in the representation is system-wide with the only qualifying criteria being the length of time the business has been operating and the ranking of gross sales for 2023, the specific characteristics of each outlet whose financial performance data is included in the representation will vary among the outlets included in the representation. 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.

This information does not reflect the cost of sales, operating expenses, or other costs or expenses that you must deduct from the gross sales figure in order to obtain your net income or profit which will affect the net income and/or cash flow of any outlet and must be carefully considered and evaluated. 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 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised and Licensed	2021	127	124	-3
	2022	124	114	-10
	2023	114	106	-8
Company-Owned	2021	0	4	+4
	2022	4	12	+8
	2023	12	17	+5
Total Outlets	2021	127	128	+1
	2022	128	126	-2
	2023	126	123	-3

Table No. 2
Transfers of Outlets From Franchisees to New Owners
(other than the Franchisor)
For years 2021 to 2023

State	Year	Number of Transfers
Kentucky	2021	1
	2022	2
	2023	0
Ohio	2021	0
	2022	0
	2023	1
South Carolina	2021	0
	2022	0
	2023	0
Total	2021	1
	2022	2
	2023	1

Table No. 3
Status of Franchised Outlets
For years 2021 to 2023*

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	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Florida	2021	3	0	0	0	2	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	1	0	0
Illinois	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	1	3
Indiana	2021	13	0	0	0	0	0	13
	2022	13	0	1	0	0	0	12
	2023	12	0	0	0	4	0	8
Kentucky	2021	38	1	0	0	0	0	39
	2022	39	0	2	0	1	0	36
	2023	36	0	2	0	0	0	34
Michigan	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7

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
Missouri	2021	16	0	0	0	0	0	16
	2022	16	0	0	0	0	0	16
	2023	16	0	0	0	0	0	16
Ohio	2021	40	0	0	0	2	0	38
	2022	38	1	0	0	7	0	32
	2023	32	0	0	0	0	1	31
South Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Virginia	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	2021	127	1	0	0	4	0	124
	2022	124	1	3	0	8	0	114
	2023	114	1	2	0	5	2	106

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

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Table No. 4

**Status of Company-Owned Outlets
For Years 2021 to 2023**

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	2021	0	0	2	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	1	0	0	3
Indiana	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	4	0	0	4
Kentucky	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
Ohio	2021	0	0	2	0	0	2
	2022	2	0	7	0	0	9
	2023	9	0	0	0	0	9
Totals	2021	0	0	4	0	0	4
	2022	4	0	8	0	0	12
	2023	12	0	5	0	0	17

Table No. 5

Projected Openings As Of December 31, 2023

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
Kentucky	0	0	1
Michigan	1	5	0
Ohio	0	1	0
Total	2	7	1

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, 2023, 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.

We have not entered into any confidentiality clauses with current or former franchisees or licensees that restrict them from discussing with you their personal experiences as a franchisee or licensee in our franchise system.

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, 2023, December 31, 2022, and for the period of May 6, 2021 (inception) through December 31, 2021, are attached as Exhibit C, together with our unaudited interim balance sheet and income statement for the period ended March 31, 2024. 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
Market 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**

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EXHIBIT G	CONFIDENTIALITY AGREEMENT

FRANCHISE AGREEMENT

This Franchise Agreement (this “Agreement”) is effective _____, 20____ (“Effective Date”) between Lee’s Franchisor LLC, a Delaware limited liability company whose address is 1270 N. Eglin Parkway, Suite C-14, Shalimar, Florida 32579 (“Franchisor”) and _____ (a corporation, limited liability company, partnership or individual), whose principal address is _____ (“Franchisee”). Now therefore, in consideration of these premises and the mutual covenants contained herein, the sufficiency of which is acknowledged by the parties, intending to be legally bound, Franchisor and Franchisee agree as follows:

ARTICLE 1 INTRODUCTION AND GRANT OF FRANCHISE

Article 1.1 Introduction

Franchisor owns or has the right to license certain trade names, trademarks, service marks and/or indicia of origin (the “Trademarks”) identified on Exhibit A attached hereto and made a part hereof, the uniqueness and value of which are acknowledged by Franchisee. Franchisor has developed a plan for the organization and operation of a system relating to the franchising of quick service restaurants that sell chicken and other approved food, beverage and other products sold by Lee’s Famous Recipe Restaurants, 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 (the “Lee’s Famous Recipe System”), all of which are designed to enhance the reputation and goodwill with the public of establishments operated in accordance with the Lee’s Famous Recipe System. Franchisor may change, modify, or enhance any portion of the Lee’s Famous Recipe System from time to time at Franchisor’s discretion. Franchisee has investigated and become familiar with the Lee’s Famous Recipe System, and desires, in accordance with this Agreement, to obtain a franchise to operate a restaurant which will utilize the Trademarks and the Lee’s Famous Recipe System (the “Franchised Business”) and Franchisor is willing to authorize Franchisee to operate the Franchised Business. The rights herein granted are sometimes referred to in this Agreement as the “Franchise.”

Article 1.2 Grant of Franchise

Subject to the terms and conditions herein, Franchisor hereby grants Franchisee the following franchise rights:

Article 1.2.1 Franchised Business and Franchised Premises

(a) Franchisee may operate a Franchised Business, but only at the location and under the designation described in Exhibit B-1 attached hereto and made a part hereof (the “Franchised Premises”). If Franchisor and Franchisee have not agreed upon a Franchised Premises as of the Effective Date of this Agreement, then Franchisee shall be required to locate a Franchised Premises within the geographic area described in Exhibit B-2.

Franchisee will not receive any territorial rights upon designation of the geographic area in Exhibit B-2, and Franchisor and its affiliates have the right to operate and franchise other Lee's Famous Recipe restaurants within that designated area. Once Franchisor consents to a Franchised Premises selected by Franchisee within the geographic area set forth in Exhibit B-2, then Franchisor will update Exhibit B-1 and identify the Assigned Protected Area (as defined in Article 1.2.5 below) in Exhibit C.

(b) The Franchise relates solely to the Franchised Premises and affords Franchisee no right to construct or operate any additional, expanded or modified facilities on the Franchised Premises, nor any right to construct or operate the Franchised Business at any location other than the Franchised Premises, except as provided in Article 16.5 herein. Franchisee shall not conduct business from any location other than the Franchised Premises.

Article 1.2.2 Licensed Trademarks and Manuals

(a) Franchisor has developed confidential Operations Manuals (the "Manuals") that contain mandatory standards, specifications, recipes and procedures prescribed from time to time for the Lee's Famous Recipe System which are confidential, proprietary and Franchisor's exclusive property. During the term of this Agreement, Franchisor will loan to Franchisee one copy of, or provide Franchisee with electronic access to, the Manuals. The Manuals may consist of multiple volumes of printed manuals, computerized documents or software, information provided on the internet or an extranet, tapes, disks, or any other analog or digital format or medium Franchisor adopts periodically for use with the Lee's Famous Recipe System and designates as part of the Manuals. Franchisor may update and change the Manuals periodically at Franchisor's discretion to reflect changes in the Lee's Famous Recipe System, and Franchisee expressly agrees to comply with each mandatory requirement in the Manuals within any reasonable time Franchisor specifies, or if no time is specified, within 30 days after receiving notification of the requirement. The Manuals shall be considered a part of this Agreement. Franchisee shall at all times ensure that its copy of the Manuals and any other confidential materials supplied by Franchisor to Franchisee are kept current and up to date. Franchisee must keep any printed Manuals in a secure location, must restrict employee access to the 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 Manuals.

(b) Franchisee may use in the Franchised Business the Trademarks that are now or that in the future may be approved by Franchisor for use by Franchisee with the Lee's Famous Recipe System and listed in Exhibit A hereto or as are presently or subsequently listed in the Manuals, as revised from time to time, but only in the manner specified in the Manuals, this Agreement or by Franchisor.

Article 1.2.3 Franchised Products

Franchisee may use the Trademarks in the Franchised Business only on or in connection with the sale of those food and non-alcoholic beverage products designated in the Manuals as being included in the Lee's Famous Recipe System standard restaurant

menu and meeting the specifications and quality standards set forth in the Manuals (collectively, “Franchised Products”), or as otherwise approved by Franchisor. Franchisor may revise the Manuals’ requirements concerning the Franchised Products and the standards related thereto from time to time in its sole discretion, and Franchisee at all times shall conform to the requirements of the then current Manuals.

Article 1.2.4 Franchised Know-how

Franchisee may utilize in the Franchised Business the manner of preparing and serving the Franchised Products, the method of doing business, and certain other confidential information and trade secrets which are proprietary to Franchisor, as designated and adopted by Franchisor from time to time in the Manuals (the “Franchised Know-How”).

Article 1.2.5 Assigned Protected Area

Franchisor shall not own or franchise any other Lee’s Famous Recipe Restaurant within the “Assigned Protected Area,” which shall be the area bounded and described in Exhibit C attached hereto and made a part hereof, except as follows:

(a) Franchisor and its affiliates reserve the right to operate or franchise restaurants using the Trademarks in any location other than a location that is within the Assigned Protected Area.

(b) Franchisor and its affiliates reserve the right to operate or franchise restaurants or other food service units selling the same or similar products or services using different trademarks and service marks in any location.

(c) Franchisor and its affiliates reserve the right to grant rights to master concessionaires or contract food service providers to operate Lee’s Famous Recipe outlets inside airports and other travel facilities, military bases, hospitals, convention centers, stadiums, arenas, or other recreational, entertainment, business or industrial food service facilities where food service is provided only by a master concessionaire or contract food service provider within the Assigned Protected Area.

(d) Franchisor and its affiliates reserve the right to offer and sell the same or similar products, or other products, through any other distribution channel, including sales through wholesale distributors, supermarkets, other retail outlets, and the Internet and other electronic channels, using the Trademarks or any other marks, to any location.

Franchisee may provide food catering services and deliveries from the Franchised Premises, but shall not solicit outside the Assigned Protected Area.

ARTICLE 2 FRANCHISE FEE

Upon Franchisee's execution of this Agreement, Franchisee shall pay to Franchisor a franchise fee of \$35,000 for a traditional stand-alone location ("Traditional Stand-alone"), \$35,000 for a streamlined location ("Streamlined"), and \$30,000 for a non-traditional location ("Non-Traditional"), as applicable, and as described in Exhibit B attached hereto. Franchisee acknowledges and agrees that the foregoing franchise fee is consideration for the grant of this Agreement, has been fully earned by Franchisor at the Effective Date, and is non-refundable.

ARTICLE 3 ROYALTY PAYMENTS, REPORTING AND FINANCIAL INFORMATION

Article 3.1 Weekly Royalty Fee Reports and Payments

(a) From the date of opening of the Franchised Business, Franchisee shall pay Franchisor a royalty fee equal to 4% of Franchisee's Gross Sales (as defined in Article 3.1.3) for a Traditional Stand-alone location or a Streamlined location, and 6% of Franchisee's Gross Sales for a Non-Traditional Location ("Royalties"). Royalties are payable on a weekly basis every Tuesday or at any other date and time designated by Franchisor. All Royalties and other amounts payable under this Agreement, including any interest charges, shall be paid to Franchisor by electronic means pursuant to the Automated Clearing House Payment Authorization attached as Exhibit D to this Agreement. Franchisee shall not terminate that authorization as long as this Agreement remains in effect. Franchisee shall not close the account referenced in the authorization without prior written notice to Franchisor and the establishment of a substitute bank account. Franchisee shall make funds in the amount necessary to fund the fees and payments due to Franchisor available in the account for withdrawal by electronic transfer. Franchisor will base the actual amount transferred from the account to pay Royalties and other amounts due based on the Gross Sales of the Franchised Business as reported to Franchisor. If, at any time, Franchisor determines that Franchisee has underreported the Gross Sales of the Franchised Business, or otherwise underpaid any Royalties or other amounts due Franchisor under this Agreement, Franchisor shall have the authority to initiate an immediate wire transfer from Franchisee's account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Franchisor will credit any overpayment to Franchisee's account effective as of the first reporting date after Franchisor and Franchisee determine that a credit is due.

(b) Every Monday morning, or at any other date or time Franchisor designates, Franchisee shall provide Franchisor with a report of the previous week's Gross Sales and other revenue generated at or by the Franchised Business, including whatever other information and documents Franchisor may from time to time specify in the Manuals or otherwise, in whatever form Franchisor may require (collectively, "Royalty Reports").

Article 3.1.1 Overdue Payments

All overdue payments shall bear interest from the date due at the lower of: (i) 18% per annum; or (ii) the highest rate allowed by applicable law. Overdue payments will be

applied first to Franchisee's oldest obligation regardless of any designation by Franchisee to the contrary. This interest shall accrue regardless of whether Franchisor exercises its right to terminate this Agreement due to Franchisee's default in payment of Royalties or other payments or for any other reason. Franchisor and Franchisee agree that the amounts charged constitute a Time-price Differential as defined in Tennessee Code Annotated § 47-14-101 et seq.

Article 3.1.2 Guarantee of Obligations

If Franchisee is a business entity, each person and entity that holds a direct or indirect ownership interest of 5% or more in the business entity must execute the Guaranty of Franchisee's Undertakings attached as Exhibit F and List of Owners attached as Exhibit E to this Agreement. Franchisee represents that Exhibit E to this Agreement sets forth the names, addresses and percentage ownership of all of Franchisee's owners as of the date of this Agreement. Franchisor, in its sole discretion, may also require a letter of credit in an amount specified by Franchisor to secure payment of Royalties and other fees required to be paid under this Agreement. Franchisor reserves the right to require any guarantor to provide personal financial statements to Franchisor from time to time.

Article 3.1.3 Definition of Gross Sales

"Gross Sales" is defined as the total amount of all revenues from whatever source derived (whether in the form of cash, check, credit, debit, 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 Franchisee or by any other person from business conducted or which originated in, on, from or through the Franchised Premises, or from the sale of any products or services associated with the use of the Trademarks, 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 the customer.

Article 3.2 Business Records and Financial Information

Franchisee must create and maintain in a manner reasonably satisfactory to Franchisor, and retain for at least three years, each of the following: (i) all records of sales, advertising and marketing expenses and other operating accounts of the Franchised Business; (ii) all Royalty Reports; (iii) monthly or period and annual financial statements; (iv) federal and state income tax returns and state sales and use tax returns and records; (v) daily sales reports for the Franchised Business (as prescribed by Franchisor) and all POS System data; (vi) license, contracts and product supplier invoices; (vii) bank account statements; (viii) statistical and financial information regarding the operation of the Franchised Business required by Franchisor; and (ix) any other reports or records required by Franchisor. Franchisee shall furnish Franchisor within 30 days following the end of each of Franchisee's fiscal quarters, a quarterly profit and loss statement for the Franchised Business, prepared in accordance with generally accepted accounting principles, showing income and expenses for the preceding quarter and year-to-date income and expenses, and certified by Franchisee or Franchisee's chief executive or financial officer. Franchisee shall

furnish Franchisor within 90 days following the end of each of Franchisee's fiscal years, a fiscal year-end balance sheet, income statement, statement of changes in financial position, and statement of cash flow of the Franchised Business for the previous fiscal year, prepared in accordance with generally accepted accounting principles and reflecting all year-end adjustments (audited if available), together with a statement of annual Gross Sales, certifying that Franchisee's Gross Sales for the immediately preceding fiscal year have been calculated and reported in compliance with the terms of this Agreement, all of which will be certified by Franchisee or by Franchisee's chief executive or financial officer. Upon Franchisor's request, Franchisee shall furnish any other data, information and supporting records for the periods Franchisor requires from time to time.

Article 3.2.1 POS and Computer Systems

Franchisee shall purchase, license, install and maintain, at Franchisee's expense, a new electronic point-of-sale cash register system and software ("POS System") designated by Franchisor which meets standards and specifications established by Franchisor, as modified from time to time in response to business, operations and marketing conditions. In addition to the POS System, Franchisee shall purchase, install and maintain, at Franchisee's expense, any computer systems, including without limitation both hardware and software, or other existing or future communication or data storage systems (collectively "Computer Systems"), designated by Franchisor which meet standards and specifications established by Franchisor, as modified from time to time in response to business, operations and marketing conditions. As a part of the Computer Systems, Franchisor may require the use of its then-current designated back-office software that may include certain inventory management, food costs management, and other features or programs in connection with operating the Franchised Business. Franchisee shall purchase the POS System and any required Computer Systems from a source or sources designated by Franchisor. Franchisor has the right to designate a single source from whom Franchisee must purchase the POS System or any required Computer Systems. Franchisor may require Franchisee to purchase, at Franchisee's expense, and to use a POS System, software or Computer Systems compatible with any program or system that Franchisor uses now or in the future. Franchisee must faithfully record all sales information, menu mix, orders, inventory, and labor mix on that designated equipment simultaneously with the occurrence of each transaction and Franchisor has the right to access all of Franchisee's intraday, daily, weekly and periodic sales, menu mix (in both dollar amounts and percentages), order guides from approved distributors, inventory, labor mix (including management), ideal usage, actual usage and ideal food cost and all other data and reports from the POS system by direct or remote electronic means. Franchisor may periodically require Franchisee, at Franchisee's expense, to upgrade, update or replace the POS system and Computer Systems to remain in compliance with Franchisor's computer and communications standards and specifications. Franchisee must, at all times and at Franchisee's expense, maintain access to the Internet, telephone system or other computer or electronic communications network that Franchisor specifies. Franchisee shall maintain an electronic mail (e-mail) address and keep Franchisor informed of that e-mail address. Subject to the limitations and requirements of all applicable privacy and credit card security laws and regulations, Franchisor requires Franchisee, at Franchisee's expense, to configure and

connect Franchisee's POS system to Franchisor's system, or to Franchisor's designated agent, in order to provide Franchisor with continuous real-time access to all of Franchisee's 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 Franchisee's POS system. Franchisee agrees that Franchisor, or Franchisor's designated agent, shall have the right to retrieve any data and information from Franchisee's POS System as Franchisor in its sole discretion, deems appropriate, with the cost of the retrieval and transmittal to be borne by Franchisee. Franchisor has no obligation to provide any maintenance, repairs, upgrades or updates to the POS System or Computer Systems.

Article 3.2.2 Right to Audit

Franchisor has the right, at any time during business hours, upon three days' written notice, to enter the premises where Franchisee's books and records relative to the Franchised Business are kept, to inspect, evaluate, copy and audit, or cause to be inspected, evaluated, copied and audited, Franchisee's business records, bookkeeping and accounting records, sales and income tax records and returns, and other records relating to the Franchised Business and its operation. Franchisee must fully cooperate with Franchisor's representatives and any independent accountants that Franchisor hires to conduct any inspection or audit. In order to verify the information supplied by Franchisee, Franchisor has the right to calculate Franchisee's sales through the inventory extension method or other methods to analyze and reconstruct sales. Franchisee agrees to provide Franchisor with written authorization to contact Franchisee's vendors and suppliers for purchase histories and other records related to the Franchised Business. If any inspection or audit discloses an understatement of the Gross Sales of the Franchised Business, Franchisee agrees to pay to Franchisor, within 15 days after receipt of the inspection or audit report, by electronic means pursuant to the Automated Clearing House Payment Authorization attached as Exhibit D to this Agreement, the Royalties and Brand Cooperative Advertising Fees due on the amount of the understatement, plus interest (at the rate and on the terms provided in Article 3.1.1. of this Agreement) from the date originally due until the date of payment. Further, if the inspection or audit is made necessary because of Franchisee's failure to furnish Franchisor with reports, supporting records, other information, or financial statements as required by this Agreement or to furnish the reports, records, information or financial statements on a timely basis, or if any understatement of Gross Sales for the period of any audit is determined by the auditor or inspection to exceed 3% of the amount reported, Franchisee will reimburse Franchisor immediately upon notice for the cost of the inspection or audit, including (without limitation) the charges of attorneys and independent accountants, and the travel, lodging and meal expenses and applicable per diem charges for Franchisor's employees. The foregoing rights will be in addition to all other remedies and rights that Franchisor may have under this Agreement or under applicable law.

Article 3.2.3 Right to Set-Off

Notwithstanding anything contained in this Agreement, upon Franchisee's failure to pay to Franchisor as and when due, any amounts of money provided for herein, Franchisor shall have the right, at its election, to deduct any and all such amounts remaining unpaid from any monies or credits held by Franchisor for Franchisee's account. If Franchisee pays, or Franchisor otherwise receives, less than the full amount of any payment due hereunder, the payment shall be applied against the earliest amount due to Franchisor. Franchisor may accept any check or payment in any amount without prejudice to its 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.

Article 3.2.4 Amounts Owing to Affiliates

In the event that Franchisee shall enter into any agreement or transaction with any of Franchisor's affiliates, associates, licensees or licensors, Franchisee agrees, as a specific covenant to Franchisor under this Agreement, to pay all sums due and owing by Franchisee under any such agreement or transaction promptly, in full, when due and prior to any delinquency. Franchisor shall have the right to make demand upon Franchisee for payment of any amounts due and owing by Franchisee under any such agreement or transaction, and upon the making of any such demand, the amount due and owing and so demanded shall be deemed to be an amount due and owing by Franchisee to Franchisor under this Agreement.

ARTICLE 4 OPERATING STANDARDS AND CONDITIONS

Article 4.1 Conform to Current Manuals and Franchisor Instructions; Confidentiality

(a) Franchisee shall operate the Franchised Business in conformance with the Manuals and other instructions of Franchisor, including without limitation, those related to having all furniture, fixtures, equipment, supplies, POS System, Computer Systems hardware and software as designated from time to time by Franchisor, as well as those related to food and beverage products, menu items, product specifications and sources (including without limitation, that certain Fountain Beverage Sales Agreement between Franchisor and Pepsi-Cola Sales and Distribution, Inc. dated December 30, 2003, as amended by Amendment dated February 2, 2011 and Amendment #2 dated April 22, 2013, as may be amended from time to time, or any successor to such agreement; and that certain Fountain Support Agreement dated March 24, 2015 between Franchisor and Dr. Pepper/Seven Up, Inc. as may be amended from time to time, or any successor to such agreement), cleanliness and sanitation, customer service and specified hours of operation. Franchisor may modify or revise the Manuals from time to time and Franchisee shall operate the Franchised Business strictly in conformance with the Manuals as then in effect. In any dispute concerning the contents of the Manuals, the master copy maintained at Franchisor's principal executive office shall be controlling.

(b) Franchisee, and each guarantor shall, during the term of this Agreement and thereafter, at all times keep the Manuals, the Franchised Know-How and any other materials, goods and information created or used by Franchisor (the “Confidential Information”) as confidential and shall use the Confidential Information only as necessary to perform their obligations under this Agreement and shall limit access to the Confidential Information to employees of Franchisee on a need-to-know basis. Franchisee acknowledges and agrees that the unauthorized use or disclosure of the Confidential Information will cause irreparable injury to Franchisor and that monetary damages are not an adequate remedy. Franchisee shall not at any time, without Franchisor’s prior written consent, disclose, use, permit the use thereof (except as may be required by applicable law or authorized by this Agreement), copy, duplicate, record, transfer, transmit or otherwise reproduce such Confidential Information, in any form or by any means, in whole or in part, or otherwise make the same available to any unauthorized person or source. Any and all information, knowledge and know-how not publicly known about the Lee’s Famous Recipe System and the Franchised Products, and the services, standards, procedures, techniques and such other information or material as Franchisor may designate as Confidential Information shall be deemed confidential for purposes of this Agreement. Franchisee will sign a Confidentiality Agreement and will require the Operating Principal and other managers, employees and agents of the Franchised Business with access to Confidential Information to sign such an agreement in a form attached here as Exhibit G.

(c) Franchisee will not, without Franchisor’s 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”) directly or indirectly in the operation of the Franchised Business, including without limitation, in advertising, promotion, or marketing of the Franchised Business or Lee’s Famous Recipe Restaurants, communications with customers, business planning, analysis or optimization, or in any social media. Franchisee acknowledges and agrees not to upload or share any Franchised Know-How or 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 Franchisor. In addition, Franchisee shall prohibit its employees from using any Confidential Information in Generative AI. In the event Franchisee utilizes any Generative AI, with or without Franchisor’s prior approval, Franchisee shall comply with all laws applicable to such use, including without limitation, all trademark, copyright, and biometric laws, and shall not infringe upon the intellectual property of a third party, or use such intellectual property without appropriate authorization and attribution.

Article 4.2 Commence Operation

Franchisee shall commence operation of the Franchised Business within 365 days after the Effective Date, or such extended period as may be granted by Franchisor in writing.

Article 4.3 Compliance with Applicable Laws

Franchisee shall at all times, comply with all federal, state, county, municipal, city and township laws and ordinances, including, without limitation workers’ compensation laws, and all rules and regulations of any duly constituted authority affecting or respecting the Franchised Business or the Franchised Premises.

Article 4.4 Use of Franchised Premises

Franchisee shall at all times use the Franchised Premises only for the Franchised Business.

ARTICLE 5 BUILDING AND EQUIPMENT

Article 5.1 Location of Restaurants

Franchisee is solely responsible for locating a proposed site for the Franchised Premises contemplated within the Assigned Protected Area. During the term of this Agreement, Franchisee shall use its best efforts to locate suitable sites. Franchisor, in its sole discretion, may offer counseling and advice in site selection. In no event, however, shall Franchisor be obligated to loan money, guarantee leases, provide financing or otherwise become directly involved and/or obligated to Franchisee or to any third party in respect of such site selection or development; these activities and undertakings, financially and otherwise, shall be the exclusive responsibility of Franchisee.

Article 5.2 Site Acceptance

(a) Upon selection by Franchisee of a proposed site for the Franchised Premises, Franchisee shall promptly submit to Franchisor such specific site data and demographic and other information concerning the site as may be required by Franchisor, utilizing such forms as may be required by Franchisor. Franchisor shall either accept or reject such site in accordance with Franchisor's then-current site selection policies and procedures. To be effective, any acceptance must be in writing and signed by Franchisor. Franchisee understands and acknowledges that Franchisor may reject any proposed site, in which event Franchisee will not proceed at the rejected site, but will seek to locate an acceptable site. The acquisition in any manner of any proposed site prior to acceptance by Franchisor shall be the sole risk and responsibility of Franchisee and shall not obligate Franchisor in any way to accept such site or to issue a Franchise Agreement for operation of a Lee's Famous Recipe Restaurant at such site.

(b) In executing this Agreement, accepting a proposed site, giving approvals or advice or providing services or assistance in connection with this Agreement, Franchisor does not guarantee the suitability of an accepted site or success of any particular Franchised Business established at any such site. Franchisor expressly disclaims any warranties, express or implied, with respect to the suitability of any site or the success of any Franchised Business. Franchisee understands and acknowledges that the suitability of a site and the success of any Lee's Famous Recipe Restaurant depend on many factors outside the control of either Franchisor or Franchisee (including, without limitation, such factors as interest rates, unemployment rates, demographic trends and general economic conditions), but principally depend on Franchisee's efforts in the operation of the Franchised Business.

Article 5.3 Location Requirements

As a condition for accepting a proposed site, Franchisor may require Franchisee to negotiate a lease or sales contract that includes certain terms regarding duration or other specified

matters. Franchisee understands and acknowledges that site acceptance may be conditioned on such matters and that if Franchisee does not wish to, or cannot satisfy the pertinent conditions within a reasonable time, the site will be deemed rejected. Franchisee agrees to submit an executed copy of the lease, or deed and mortgage, to Franchisor for each accepted location for development.

Article 5.4 Construction

(a) Upon receiving written acceptance from Franchisor for a Franchised Premises, Franchisee shall proceed promptly to secure control of the accepted site and to obtain necessary zoning and building approvals and permits. Following acceptance of any site, Franchisor shall provide Franchisee with one set of preliminary architectural plans and/or written specifications for a Traditional Stand-alone Lee's Famous Recipe Restaurant. After a site is accepted, but before commencing construction of the Franchised Business, Franchisee shall at Franchisee's sole expense, promptly furnish to Franchisor for Franchisor's consideration for acceptance, the following:

(i) A proposed preliminary site plan for the Franchised Business which, if accepted, shall not thereafter be changed without Franchisor's prior written consent;

(ii) A copy of Franchisee's plans for construction of the Franchised Business in proposed final form, which plans shall have been prepared by a licensed architect, at Franchisee's expense, that comply with all applicable laws, ordinances, building codes, permit requirements, lease requirements and restrictions and which, if accepted, shall not thereafter be changed without Franchisor's prior written consent; and

(iii) Proof that Franchisee has builders' risk insurance 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 Franchisee's development of restaurants (or otherwise in conjunction with Franchisee's 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. All insurance policies required hereunder shall name Franchisor and its affiliates as additional insureds.

(b) Upon Franchisor's request, Franchisee agrees to assign to Franchisor, or require Franchisee's architect to assign to Franchisor, the plans, drawings or designs, used by Franchisee in connection with the Franchised Business, or at Franchisor's option, obtain the architect's agreement to license to Franchisor such plans, drawings or designs for use in connection with the Franchised Business at Franchisee's expense. Franchisee shall not hire, engage or use any construction firm, contractor or architect that Franchisor disapproves.

(c) After the site is accepted and construction has commenced, Franchisee shall at Franchisee's sole expense, promptly furnish to Franchisor development progress reports, on a

monthly basis, and any other reports which may be requested by Franchisor from time to time, at Franchisor's sole discretion.

(d) Franchisor and its agents shall have the right to enter and inspect the construction at any reasonable time. Franchisee shall correct, upon request and at Franchisee's sole expense, any deviation from any approved site plan or plans and specifications. Franchisor assumes no responsibility for the quality of any construction or the compliance of any construction with applicable laws and zoning because of any inspections made by it or any reports or recommendations made as a result of such inspections.

(e) In the event Franchisee fails to open any Franchised Business within the time period set forth in this Agreement, or as determined by Franchisor in accordance with its policies then in effect, except for any delay due in material part to war, strikes, lock-outs, governmentally imposed building moratoriums, natural disasters caused by earthquake, flood, hurricane or tornado, or similar causes beyond the control of Franchisee (which do not include general construction delays or weather-related delays), or in the event Franchisee commences construction of the Franchised Business according to the plans and specifications not accepted by Franchisor or alters such accepted site plan or plans and specifications without Franchisor's written consent, then Franchisor, at its option, may elect to cancel and terminate this Agreement, by written notice to Franchisee.

Article 5.5 Sign Standards

Franchisee shall use only such exterior, interior and vehicle signs that have been approved by Franchisor in writing and comply with and satisfy the requirements of the then current Manuals. All marketing and promotional materials placed or displayed at the Franchised Premises (interior or exterior) shall only be the signs, emblems, lettering, logos, displays and advertising materials that Franchisor approves from time to time in writing. Franchisee shall display at all times an internal sign as designated by Franchisor indicating that Franchisee is an independent operator and a franchisee of the Lee's Famous Recipe System.

Article 5.6 Repair and Maintenance

Franchisee agrees to maintain the condition and appearance of the Franchised Business, its decor, fixtures, equipment, furniture, furnishings and signs, and the Franchised Premises in accordance with the requirements of the then current Manuals and Franchisor's specifications and standards as in effect from time to time. Franchisee will perform all periodic cleaning and maintenance with respect to the decor, equipment, fixtures, furniture, furnishings, flooring, signs, paint, landscaping, parking lot, driveways, exterior or interior lighting of the Franchised Business and the Franchised Premises required from time to time to maintain the condition, appearance and efficient operation, including, without limitation, the repair or replacement of damaged, worn out, or obsolete decor, equipment, fixtures, furniture, flooring, furnishings and signs.

Article 5.7 Remodeling and Replacement

Whenever and as frequently as necessary to maintain an attractive appearance and good public image, and in any event within 30 days after the receipt of notice from Franchisor that any

building, decor, equipment, fixtures, furniture, furnishings, flooring, paint, landscaping, parking lot, driveways, interior and exterior lighting or signage is not in compliance with the then current Manuals or Franchisor's specifications and standards, not in good condition, or not functioning properly, Franchisee shall promptly repair, remodel or refurbish such items that can be repaired or remodeled, or replace such items that cannot be repaired, remodeled or refurbished within 30 days after the receipt of notice. Franchisee acknowledges and agrees that the foregoing obligation may require significant capital or other expenditures during the term of this Agreement. Prior to the commencement of such repair or remodeling, Franchisee shall submit to Franchisor proposed plans, prepared by a licensed architect, at Franchisee's 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. Franchisee shall not undertake such repairs or remodeling until Franchisor has approved the proposed plans in writing as satisfactory to cure the deficiency.

ARTICLE 6 PERSONNEL AND MANAGEMENT

Article 6.1 Personnel

Franchisee shall hire, train and properly supervise sufficient and qualified personnel for the efficient operation of the Franchised Business and, in particular, shall hire, train and properly supervise staff so that all operational standards (including standards for food preparation, dress attire, personal appearance, hygiene, customer service, and restaurant sanitation and cleanliness) in the then current Manuals and according to applicable law can be and are satisfied at all times. Neither Franchisor nor any of its affiliates shall have any control over employees of Franchisee, and Franchisee shall be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions.

Article 6.2 Operating Principal, Required Training and Managers

(a) Franchisee, if an individual, shall be active in overseeing the operations of the Franchised Business. If Franchisee is an entity owned by more than one individual, Franchisee shall at all times designate one of the owners as the Operating Principal who shall devote full-time and best efforts to supervising the operations of the Franchised Business. The Operating Principal shall maintain a primary residence within a reasonable driving distance of the Franchised Business and successfully complete all training required by Franchisor.

(b) At least 30 days prior to the opening of the Franchised Business, Franchisee, or Franchisee's Operating Principal, and at least three managers, including Franchisee's general manager and assistant managers (or their operating equivalents), and any other persons Franchisor designates, must complete Franchisor's training program to Franchisor's satisfaction, at Franchisee's expense. Franchisee is responsible for all of Franchisee's and Franchisee's employees' travel, local transportation, lodging, meals and compensation during attendance of any training program. No person may supervise the Franchised Business until this training has been satisfactorily completed. If Franchisor determines, in its sole discretion, that any person cannot complete the training program satisfactorily, upon request, Franchisee must hire a replacement who must satisfactorily complete the training program. The fee for this training as of the date of

this Agreement is \$5,000 for up to four attendees. The fee as of the date of this Agreement for each additional attendee is \$3,000 per attendee.

(c) Franchisee shall at all times employ at least one general manager and two assistant managers in the Franchised Business who have satisfactorily completed Franchisor's training program. Franchisee shall immediately contact Franchisor in the event Franchisee must send a manager or assistant manager to be trained in order to comply with the foregoing sentence. Franchisee shall further make commercially reasonable efforts to promptly enroll any new Operating Principal, manager or assistant manager in a management training program approved by Franchisor. Franchisee or the Operating Principal and managers shall attend, additional or refresher training programs, which in the future may be required by Franchisor. Franchisee shall pay all costs incurred in complying with the training requirements. Franchisee may be required to purchase training videos or other instructional material from Franchisor from time to time, as set forth in the then current Manuals.

Article 6.3 Assistance in Opening

Franchisor shall provide on-site assistance for Franchisee for up to 10 consecutive days by a minimum of two trainers for the opening of the Franchised Business. Additional days of on-site opening assistance or additional trainers may be provided by Franchisor for a fee of \$500 per day, per trainer. Franchisee is solely responsible for all reasonable expenses of Franchisor related to additional on-site opening assistance, including all travel and lodging fees. All of the foregoing fees shall be due 5 days from Franchisee's receipt of an invoice related thereto.

Article 6.4 Attendance at Meetings

Franchisee, or the Operating Principal, at Franchisee's expense, shall attend all meetings Franchisor may hold or sponsor in Franchisee's area or region including, without limitation, all meetings for the marketing area in which the Franchised Business is located, and all meetings relating to new products or preparation procedures, new Lee's Famous Recipe System programs, new operational procedures or programs, sales or sales promotion, or other topics.

ARTICLE 7 PRODUCT STANDARDS

Article 7.1 Acknowledgment of Standards

Franchisee acknowledges and agrees that uniform and high standards of quality, service and appearance among all Lee's Famous Recipe System restaurants are necessary to maintain Franchisor's public image and widespread consumer acceptance. Franchisee shall prepare and sell only the Franchised Products that are specified in the then current Manuals, as modified or revised from time to time by Franchisor, or as otherwise approved by Franchisor. In connection with such Franchised Products, Franchisee shall use only those cups, containers, napkins, uniforms, paper goods, and other packaging, supplies or items bearing the Trademarks that are specified in the Manuals, as modified or revised from time to time by Franchisor.

Article 7.1.1 Approval of Products

If Franchisee desires to sell any food products or beverages other than the Franchised Products, Franchisee must request, in writing, permission from Franchisor to do so. Franchisor may approve or deny any such request in its sole discretion. Franchisee shall not sell or dispense any such food products or beverages unless and until they have been approved in writing by Franchisor (and not thereafter disapproved).

Article 7.2 Purchase of Items

Franchisee may purchase the items specified in Article 7.1, or components or ingredients thereof, and any furnishings, fixtures, equipment or signs used in the Franchised Business, from any source approved by Franchisor. Franchisor may receive profits or commissions on any sales made directly by Franchisor to Franchisee regardless of the source of distribution or the agent for billing.

Article 7.2.1 Approval of Supplier

If Franchisee desires to purchase any of the items specified in Article 7.1 above, or components or ingredients thereof, and/or any decor, furnishings, fixtures, equipment or signs for use in the Franchised Business (excluding Franchised Know-How where Franchisor may be or designate the exclusive suppliers), from a supplier that has not been approved in writing by Franchisor, Franchisee may request in writing approval by Franchisor of such supplier. Franchisor may approve such proposed supplier if, in Franchisor's sole judgment and discretion, the proposed supplier can meet and maintain Franchisor's specifications, standards and requirements. In making any such request, Franchisee at its sole expense shall furnish Franchisor with adequate samples of the items for which approval is being requested or, if that is not feasible, with copies of descriptions, specifications and pictures of such items. Franchisee shall not sell, dispense or use any such items unless and until Franchisor has given written notice of approval to Franchisee. Nothing contained herein shall be construed to require Franchisor to approve any number of suppliers for any particular item or service.

Article 7.2.2 Charge for Approval

As a condition precedent to approving or disapproving any request for a new or additional supplier or product, Franchisor may charge the proposed supplier and/or Franchisee its then current fee and the reasonable costs and expenses incurred by Franchisor in evaluating and investigating any such request.

Article 7.2.3 No Intention to Limit Sources

Nothing contained in this Agreement shall be construed as an attempt by Franchisor to unreasonably limit the sources from which Franchisee may procure non-proprietary supplies, equipment, services or other items; provided such supplies, equipment, services or other items are in compliance with Franchisor's standards and specifications.

Article 7.3 Approved Menu and Menu Boards

Franchisor shall have the right to prescribe, and subsequently vary, one or more menus, menu boards, and formats to be utilized in the operation of the restaurant, both in store and in the drive-through. The menus, menu boards, and formats may include requirements concerning organization, graphics, product descriptions, illustrations, and other matters related to the menu. Prescribed menus, menu boards and formats may vary depending on region, market size, or other factors as determined by Franchisor. If any menu or menu board used by Franchisee ceases to be an authorized menu or menu board and format, Franchisee shall have a reasonable period of time (not to exceed six months) to discontinue use of the old menu or menu board and begin using the then currently authorized menu or menu board and format.

Article 7.4 System Contracts

(a) Franchisor and its affiliates have entered or may enter into arrangements with certain vendors for the pricing of commodities, goods and services which Franchisee is required to purchase and/or in which Franchisee is required to participate. These arrangements are subject to addition, amendment, termination, substitution, replacement or non-renewal from time to time.

(b) Franchisee is required to comply with all applicable legal, regulatory and credit card brand requirements regarding the use of information technology and personally identifiable information in the Franchised Business. Franchisee shall honor all debit, credit, charge or other credit devices specified by Franchisor. Franchisee shall also 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, including: (i) implementing (at Franchisee’s expense) all security requirements that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards; and (ii) participating in (at Franchisee’s expense) a standardized PCI/DSS compliance program that is provided by a PCI/DSS vendor. In the event Franchisee is unable to demonstrate full compliance with PCI/DSS (or the then applicable current) standards by providing a report from an independent third party qualifier security assessor, Franchisor may require Franchisee to engage the services of an approved vendor to assist Franchisee to demonstrate full compliance on an ongoing basis. Additionally, Franchisor may require Franchisee to use, and directly contract with, certain approved third-party vendors for some or all of Franchisee’s technology security compliance and/or card brand or government requirements related to the transmission/processing of debit and credit card transactions and personally identifiable information. Franchisee shall immediately notify Franchisor if Franchisee becomes aware of any breach, or suspected breach, of card holder data or personally identifiable information related to the Franchised Business, whether notice is provided by Franchisee’s credit card processor, law enforcement or any other party.

(c) Franchisee is required to participate in any electronic gift card program that Franchisor designates. The gift card program may require Franchisee to invest in additional equipment and incur fees from the gift card processing vendors that Franchisor designates. Franchisee must remit the proceeds from its sales of gift cards to the gift card administrator if Franchisor so designates, which will be subject to the service fees charged by the merchant and the third-party processor, the cost of the gift card and bank processing fees and other related charges. Franchisor is not

obligated to provide Franchisee with an accounting of the proceeds and disbursements of the gift card programs.

(d) Franchisee is also required to participate in any customer survey and market research program that Franchisor designates. Franchisee is also required to participate in any guest feedback/hotline program that Franchisor designates. The results from Franchisee's participation in these programs will be available to Franchisor and Franchisee may be required to offer customer incentives for customer participation in these programs.

ARTICLE 8 VARIATION OF TERMS

Article 8.1 Differing License and Franchise Agreements

Franchisee acknowledges and agrees that other franchisees or licensees of Franchisor have been or may be granted franchise agreements or license agreements at different times and in different situations, and that the rights and obligations in such agreements may vary substantially from those contained in this Agreement.

Article 8.2 Varying Requirements

Franchisor may, in its sole discretion, vary specifications, standards and operating practices and requirements among franchisees and licensees, including, without limitation, those relating to building, equipment, signage, operations and Franchised Products. Franchisee acknowledges and agrees that such variation may lead to different costs or obligations among franchisees and licensees.

ARTICLE 9 RIGHT OF INSPECTION

Article 9.1 General

Franchisor and its authorized representatives shall have the right to enter and inspect the Franchised Business and the Franchised Premises and to test all Franchised Products offered for sale and supplies used by Franchisee for the purpose of determining the quality and specifications of such products and supplies and their conformance with this Agreement. Franchisor shall have access to the Franchised Business and the Franchised Premises at all reasonable times for these purposes, and Franchisee must fully cooperate with Franchisor in the inspections, tests and evaluations. Franchisee must at all times meet or exceed the standards set forth in the Manuals. If at any time in Franchisor's judgment, Franchisee's operations, or the general state of repair or appearance of any part of the Franchised Premises does not meet Franchisor's standards, Franchisor shall notify Franchisee in writing, specifying the action to be taken to correct all deficiencies from the failed inspection, test or evaluation and the time within which the corrective action must be completed. Franchisee's failure to correct any specified deficiency within the specified time period is a default of this Agreement subject to the provisions of Article 15.1.3.

Article 9.2 Samples

Upon request from Franchisor, Franchisee shall furnish Franchisor with samples of any products, supplies or other items, whether or not bearing the Trademarks, used by Franchisee in the Franchised Business. Franchisor shall reimburse Franchisee for such samples at Franchisee's actual cost.

ARTICLE 10 ADVERTISING AND MARKETING

Article 10.1 Acknowledgement of Role of Advertising and Marketing

Franchisee acknowledges and agrees that advertising, marketing and promotional activities ("Advertising") are essential to the furtherance of the goodwill and public image of Lee's Famous Recipe System restaurants and the Franchised Business.

Article 10.1.1 Required Expenditure for Local Market Advertising

(a) Franchisee shall expend a reasonable amount each quarter in local market advertising, exclusive of on-site signs or telephone directory listings, and in no event less than 3% of its Gross Sales as defined in Article 3.1.3 above. Costs of Franchised Products sold at a reduced price or given away shall not count toward fulfillment of this obligation. Each quarter, in the time and manner that Franchisor prescribes, Franchisee must provide Franchisor with documentation, to Franchisor's satisfaction, evidencing that Franchisee has spent the minimum amount of local market advertising requirement. To the extent Franchisee participates in a local advertising cooperative, the expenses required by this Article 10.1.1 (a) shall be reduced on a dollar for dollar basis by payments to such cooperative. In addition, Franchisee must make the advertising payments required by Article 10.2 below.

(b) In addition to the local advertising requirements under Article 10.1.1 (a) above, Franchisee shall expend an additional amount of at least \$5,000 on approved Advertising approved by Franchisor in connection with the grand opening of the Franchised Business and in accordance with the requirements of the Manuals. Franchisee shall provide Franchisor with documentation for all Advertising expenses incurred in connection with the grand opening of the Franchised Business. Any amount that Franchisee spends on Advertising that has not been approved by Franchisor will not count towards this \$5,000 requirement.

(c) Franchisee, at its sole expense and exclusive of any fees paid to the Fund, as defined in Article 10.2(b), and exclusive of any local market advertising under Article 10.1.1(a) above, shall:

(i) Obtain and maintain listings of the Franchised Business in the white and yellow pages of all local telephone directories of the kind and size specified from time to time by Franchisor; and

(ii) Obtain and maintain any special promotional materials of the kind and size as Franchisor may from time to time require, including without limitation, participation in any online promotion of the Franchised Business using Franchisor's pre-approved format for the online service, social media site, page or group, such as Facebook, Foursquare, or other sites or services that Franchisor designates as mandatory.

Article 10.2 Brand Cooperative Advertising Fee

(a) Franchisee shall, in addition to the amounts expended pursuant to Article 10.1.1 above, pay to Franchisor, or to such other entity as may be designated by Franchisor, in addition to Royalties, a sum equal to 2% of Gross Sales, which sum is to be used for Advertising ("Brand Cooperative Advertising Fees"). Franchisee shall pay the Brand Cooperative Advertising Fees via electronic means pursuant to the Automated Clearing House Payment Authorization attached as Exhibit D to this Agreement at the same time the Royalties are due. Such Brand Cooperative Advertising Fees will be expended for the benefit of Franchisor, Franchisee and all other franchisees, licensees, or users of the Lee's Famous Recipe System for the production or placement of such internet, radio, television, outdoor, print and/or other advertising and/or marketing materials or services as Franchisor or its designee deems necessary on a national, regional and/or local basis. The expenditure of such funds for advertising and marketing shall be under the control of, and in the discretion of, Franchisor or its designee, at all times. Franchisor cannot ensure, and does not represent that, that Franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in Franchisee's local market.

(b) Franchisor or its designee shall exclusively maintain and administer any Brand Cooperative Advertising fund ("Fund") and shall direct all such Advertising with sole discretion over the concepts, materials and media used therein. All Advertising contributions paid by Franchisee pursuant to Article 10.2(a) above shall be part of such Fund. Franchisor or its designee shall have the sole rights to enforce the obligations of Franchisee, and all other franchisees and licensees of the Lee's Famous Recipe System who are obligated to contribute to the Fund, and neither Franchisee nor any other franchisees or licensees of Franchisor who shall be obligated to contribute to the Fund shall be deemed a third party beneficiary with respect to said Fund or have any right to enforce any obligation to contribute thereto. The Fund may, without limitation, be used by Franchisor or its designee to defray any of its operating expenses related to Fund administration (including salaries of personnel) reasonably allocable to such Advertising, or other activities reasonably related to the administration or direction of the Fund and its related programs. Franchisor may, in its sole discretion, from time to time advance monies to the Fund and charge the Fund interest on such advances at 1% above the prime rate then designated by Franchisor at its primary bank (or if no such rate is then so being designated, at such rate as reasonably determined by Franchisor as an equivalent rate) and may authorize repayment of such advances from the Fund, all in accordance with such terms as Franchisor deems necessary or appropriate. Franchisee agrees that the Fund may otherwise be used to meet any and all costs incident to such Advertising, including joint or collective advertising campaigns of Franchisor's direct or indirect parents, subsidiaries or affiliates using the Lee's Famous Recipe System. Franchisee agrees to be bound by and comply fully with the then current bylaws or other membership requirements that Franchisor may establish for the Fund from time-to time.

(c) Franchisor or its designee shall administratively segregate all contributions to the Fund on its books and records. All such payments to the Fund may be deposited in Franchisor's general operating account, may be commingled with Franchisor's general operating funds, and may be deemed an asset of Franchisor, subject however to Franchisor's obligation to expend the Fund in accordance with the terms hereof. Franchisor is not required to audit the Fund, but Franchisor will prepare an unaudited annual statement of monies collected and costs incurred by the Fund and furnish it to Franchisee upon Franchisee's written request. Franchisor may, in its sole discretion, elect to accumulate monies in the Fund for such periods of time as it deems necessary or appropriate, with no obligation to expend all monies received in any fiscal year during such fiscal year. The Fund is not a trust or escrow account, and Franchisor and its designee have no fiduciary obligations regarding the Fund.

Article 10.3 Regional Advertising Cooperative Fee

In connection with this and any and all other Lee's Famous Recipe System restaurants owned or operated by Franchisee, Franchisee shall participate to the greatest possible extent in any local or regional cooperative advertising group, consisting of other franchisees or licensees of the Lee's Famous Recipe System and/or Franchisor, when and if prescribed by Franchisor. Any such cooperative shall provide for one vote per Lee's Famous Recipe System restaurant belonging to such cooperative. Franchisor shall have the right to require Franchisee to engage in local or regional cooperative or joint advertising with Franchisor and/or other franchisees or licensees in connection with any and all Lee's Famous Recipe System restaurants owned or operated by Franchisee. The particular cooperative advertising program in which Franchisee will be required to participate shall be designated by Franchisor in its sole discretion (which designations may be based upon, without limitation, the particular Designated Market Area as that term is used in the advertising industry, in which the Franchised Business is located). Franchisee's payments to any cooperative program shall be determined by Franchisee, other franchisees and/or Franchisor, as the case may be, who are participants in such cooperative advertising program, as set forth in the bylaws of that cooperative organization, or membership, dues, participation or other payment agreements with that cooperative organization. Franchisee, however, may not be required to spend more than 2% of Gross Sales per annum pursuant to any cooperative advertising program for local or regional market Advertising. Any payment to a cooperative advertising program shall be made to the applicable cooperative as designated by Franchisor and such cooperative shall be obligated to fulfill the obligations of Franchisor with respect to cooperative advertising funds. In addition, such payments made to a local cooperative shall reduce the amounts required to be spent or paid under Article 10.1.1(a) above. Franchisee shall enter into such formal agreements with such other franchisees or licensees and/or Franchisor, as the case may be, as shall be necessary or appropriate to accomplish the foregoing. If Franchisee becomes delinquent in its dues or other payments to the cooperative organization, such delinquency shall be deemed a failure to participate in the cooperative organization and a breach of this Agreement.

Article 10.3.1 Regional Cooperative Advertising Disputes

In the event a claim, controversy or dispute occurs within a local or regional cooperative advertising group, Franchisor, upon becoming aware of the dispute and determining that such dispute is appropriate for resolution by the cooperative shall give 30 days' notice in writing to the

chairperson of the cooperative, which notice shall demand resolution of the dispute. If the dispute has not been settled or resolved within the 30 day period, Franchisor shall be entitled to determine the resolution for the dispute. Franchisor's decision will be binding on the local or regional cooperative advertising group.

Article 10.4 Benefit of Payments

Franchisee acknowledges and agrees that neither Franchisor nor any other entity administering advertising payments received hereunder shall be obligated to make expenditures which are equivalent or proportional to the amount contributed by each franchisee, or to ensure that any particular franchisee benefits directly or pro-rata from such expenditures, as such payments are intended to be used to develop the general public recognition and acceptance of the Trademarks and the Lee's Famous Recipe System as a whole.

Article 10.5 Use of Photographs

Franchisor shall have the right to take and use photographs of Franchisee's facilities in any of Franchisor's publicity, advertising or marketing, without charge therefore, and Franchisee shall cooperate in obtaining such photographs and the consent of any persons photographed.

ARTICLE 11 TRADEMARK STANDARDS AND COPYRIGHT

Article 11.1 Title

Franchisee acknowledges and agrees that Franchisor or its parent company is the owner of the Trademarks and of all the goodwill relating thereto, and that the same shall at all times be and remain the sole and exclusive property of Franchisor. Franchisee also acknowledges and agrees that Franchisee, by reason of this Agreement or otherwise, has not acquired any right, title, interest or claim of ownership in the Trademarks. The use by Franchisee of the Trademarks and any and all goodwill arising from such use shall inure solely to the benefit of Franchisor and shall be deemed to be the sole property of Franchisor in the event of the termination or expiration of this Agreement, and that no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Trademarks. Upon termination or expiration of this Agreement, any and all rights in and to any of the Trademarks granted to Franchisee hereunder shall automatically terminate. Franchisee at no time will contest ownership of the Trademarks or the rights or goodwill associated with them. Nothing contained in this Agreement shall be construed to prevent Franchisor from licensing any other person or entity to use the Trademarks.

Article 11.2 Use of Trademarks

Unless previously approved in writing by Franchisor, Franchisee shall not use any other mark or name alone or in connection with the Trademarks in the operation of the Franchised Business and shall not authorize the name "Lee's Famous Recipe" or any of the Trademarks to be used by others. Franchisee shall not display any sign, use any advertising materials or media, or engage in any advertising or promotional programs using the Trademarks that may adversely affect Lee's Famous Recipe System restaurants or Franchisor, or could be detrimental to its good name

and reputation, or adversely affect any other businesses licensed by Franchisor or its affiliates. Franchisee shall not do anything in any way, directly or indirectly, at any time during the term of this Agreement or thereafter, to infringe upon, impair, harm or contest the rights, title and interest of Franchisor or its affiliates in or to the Trademarks.

Article 11.2.1 Advertising

Franchisee shall operate and advertise only under the Trademarks from time to time designated by Franchisor for use by Franchisee, and to use the Trademarks solely in the manner prescribed by Franchisor. If Franchisor determines in its sole judgment or discretion that any advertising in promotional programs or material used or planned by Franchisee are directly or indirectly injurious or prejudicial to Franchisor or any of its franchisees or licensees, or violate Article 11 herein, Franchisee shall cease such advertising or promotion immediately upon notification from Franchisor.

Article 11.2.2 Prior Approval of Advertising, Websites and Social Media

(a) Franchisee must submit all advertising or promotional programs or materials that have not been prepared by or previously approved by Franchisor, to Franchisor or its designated entity, for written approval prior to use.

(b) Franchisor has the right to require Franchisee, at Franchisee's expense, to participate in Franchisor's website or other online communication systems. Franchisor has the right to determine the content and use of Franchisor's website or other online communication systems and will establish the rules under which Franchisee will participate. Franchisor retains all rights relating to Franchisor's website or other online communication systems and may alter or terminate the site or systems.

(c) Prior to establishing an internet or intranet website in connection with Franchisee's operation of the Franchised Business, Franchisee must submit to Franchisor a complete sample of the website information, domain name, home page address and meta-tags, which shall be in the form and manner prescribed by Franchisor for websites from time to time. Franchisee shall not establish or maintain a website or domain name that Franchisor has not approved in writing. If Franchisee alters a previously approved website or domain name, Franchisee must submit to Franchisor a sample of the alterations and receive Franchisor's written approval prior to implementing the alterations to the website. Franchisor also may require Franchisee to establish hyperlinks to Franchisor's website. Franchisor may revoke Franchisor's approval of Franchisee's website at any time and require Franchisee to discontinue Franchisee's use of it and any domain names associated with it. In addition to any other applicable requirements, Franchisee must comply with any standards and specification Franchisor develops that are applicable to websites as set forth in the Manuals or otherwise in writing, which standards and specifications Franchisor may modify from time to time. Franchisor may designate the form and content of Franchisee's website and may require that any such website be hosted by Franchisor or a third party who Franchisor designates, at Franchisee's expense. In addition to the foregoing, Franchisee shall not use or permit any third party to use any of the Trademarks in connection with any internet website and/or as part of any internet domain name or electronic mail or home

page address, unless such use is expressly approved by Franchisor in writing. Franchisee shall not, directly or indirectly, authorize any third party to engage in any online advertising for the Franchised Business, without Franchisor's prior written consent, and Franchisor's prior written approval of all online advertising materials. Franchisee shall not operate or create a social media site, page or group containing the Trademarks, including, but not limited to, Facebook, MySpace, Twitter, YouTube, or other similar sites or services without Franchisor's prior written consent. Franchisor may, at any time, require any unapproved page, site or group be discontinued and deleted.

Article 11.3 Use of Trademarks in Business Name

Franchisee shall not use the Trademarks or any other trademarks, service marks or trade names confusingly similar thereto in any Uniform Resource Locator and domain name (whether such Uniform Resource Locator and/or domain name are owned by Franchisee or any other party on behalf of Franchisee), corporate, partnership, entity, or other business name. Franchisee shall refrain from using the Trademarks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject Franchisor to liability therefore. Franchisee shall observe all laws with respect to the registration of trade names and assumed or fictitious names, and include in any application therefore a statement that Franchisee's use of the Trademarks is limited by the terms of this Agreement. Franchisee shall provide Franchisor with a copy of any such application and other registration document(s) and shall observe such requirements with respect to trademark and service mark registrations and copyright notices as Franchisor may, from time to time, require, including, without limitation, affixing "SM", "TM", or © adjacent to all such Trademarks in any and all uses thereof.

Article 11.4 Trademark Infringement

Franchisee shall immediately give notice in writing to Franchisor of any infringement of the Trademarks or misappropriation of any rights of Franchisor which shall come to Franchisee's attention or knowledge at any time and, when requested, shall cooperate with Franchisor, upon request and at Franchisor's expense, in instituting such action, if any, as Franchisor may deem appropriate with respect to any infringement that may occur. No legal action for infringements or unfair competition relative to any proprietary rights of Franchisor may be taken or defended by Franchisee without the consent of Franchisor, and Franchisor alone shall have the right to control and direct any such action or defense.

Article 11.5 Additional or Substitute Trademarks

Franchisor reserves the right, in its sole discretion, to designate one or more new, modified or replacement Trademarks for use by Franchisee and to require the use by Franchisee of any such new, modified or replacement Trademarks in addition to or in lieu of any previously designated Trademarks. Any expenses or costs associated with the use by Franchisee of any such new, modified or replacement Trademarks shall be the sole responsibility of Franchisee. Franchisor also may, from time to time, add, amend, modify, delete or enhance any portion of the Lee's Famous Recipe System (including any of the Trademarks) as may be necessary in Franchisor's sole judgment, to change, maintain or enhance the Lee's Famous Recipe System, and Franchisee, at its expense, will be required to fully comply with all such changes and enhancements.

Article 11.6 Copyright and Waiver

Franchisee acknowledges and agrees that Franchisor owns all intellectual property, including but not limited to all copyrights, in and to the Lee's Famous Recipe System. Any work giving rise to copyright or other intellectual property to which Franchisee or its employees contributes shall be the exclusive property of Franchisor (including but not limited to new or improved recipes, artwork, photographs and writings). Franchisee waives any rights to such work and will be responsible for ensuring that all of its employees also waive any rights. Franchisee will cooperate with Franchisor and provide all necessary assistance in protecting and enforcing such copyrights and other intellectual property.

ARTICLE 12 FRANCHISEE'S FINANCIAL RESPONSIBILITIES

Article 12.1 Franchisee an Independent Business Entity

Franchisee at all times shall be a separate and independent business entity, and neither Franchisee nor any of its employees, agents or representatives expressly or by implication shall be deemed to be an employee, agent, joint venturer, partner or representative of, or in a fiduciary relationship with Franchisor or any affiliated entity, or be authorized or empowered to create any claim, debt or obligation on behalf of Franchisor, or in any way bind Franchisor. Franchisor may require Franchisee to display public signs indicating that it is an independent business entity and/or may require Franchisee to give such notification in all of its letters, stationery, business forms, advertising and other materials.

Article 12.2 Disclaimer

Franchisee assumes sole responsibility for the operation of the Franchised Business and agrees that, while Franchisor may furnish advice and assistance to Franchisee from time to time during the term of this Agreement, Franchisor has no legal or other obligation to do so. In addition, Franchisee acknowledges and agrees that Franchisor does not guarantee the success or profitability of the Franchised Business in any manner whatsoever and shall not be liable therefore; in particular, Franchisee acknowledges and agrees that the success and profitability of the Franchised Business depends on many factors outside the control of either Franchisor or Franchisee (such as competition, interest rates, unemployment rates, demographic trends and general economic conditions), but principally depend on Franchisee's efforts in the operation of the Franchised Business.

Article 12.3 Payment of Obligations

Franchisee shall accept full and sole responsibility for and pay promptly all taxes, assessments, penalties and interest which may be assessed against the Franchised Business or any of the assets thereof, all liens and encumbrances of every kind and nature which may be placed against the Franchised Business and any assets thereof, and all undisputed accounts and debts of every kind which may be incurred in the operation of the Franchised Business.

Article 12.4 Insurance

Franchisee shall obtain (prior to opening the Franchised Business) and maintain in full force and effect at Franchisee's 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 Franchisee's 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. Franchisee shall at all times maintain on file with Franchisor a certificate of insurance for all required insurance policies, and all renewals thereof indicating Franchisee's compliance with the foregoing and naming Franchisor and its affiliates as an additional insured on all liability and property insurance policies on a primary and non-contributory basis and with waiver of subrogation rights. Insurance shall be placed with a responsible insurance company licensed to do business in the state in which the Franchised Premises is located and having an A.M. Best Company insurance rating of at least "A". Franchisee's choice of an insurance company is subject to prior written approval by Franchisor. Franchisor may, at any time during the term of this Agreement upon notice to Franchisee, increase the coverage requirements or limits of insurance required to be carried by Franchisee hereunder, and Franchisee shall comply with such modifications. Each policy shall provide that it will not be cancelled or modified without the insurance company first giving Franchisor notice at least 30 days before any such cancellation or modification shall become effective. Proof that all of the applicable requirements in this Article 12.4 have been met shall be sent to Franchisor before Franchisee may open the Franchised Business, and Franchisee shall, in addition to the certificates of insurance, provide Franchisor with copies of policies and proof of premium payment that indicate Franchisee's compliance with this Article 12.4 promptly upon Franchisor's request from time to time. Prior to the expiration of any insurance policy, proof of renewal of the insurance policy must be sent to Franchisor at least 10 days prior to the expiration date. If Franchisee shall fail to comply with any of the requirements of this Article 12.4, and after notice has been given by Franchisor to Franchisee, Franchisor may obtain such insurance and Franchisee shall pay Franchisor the cost thereof plus a reasonable administrative fee designated by Franchisor. Notwithstanding the existence of such insurance, Franchisee is and shall be responsible for its obligations under Article 12.5. The applicable policy or policies required in this Article 12.4 shall insure Franchisee's obligation to indemnify and hold Franchisor harmless as set forth in this Agreement. If the Franchised Business sustains any damage covered by the insurance required in this Article 12.4, Franchisee shall use the applicable insurance proceeds to restore the restaurant

to its original condition as soon as possible, unless prohibited by the lease or Franchisor otherwise consents in advance, in writing.

Article 12.5 Indemnification

Franchisee shall protect, defend, indemnify and save and hold Franchisor, and any of its affiliates and their respective directors, members, officers, managers, affiliates, subsidiaries, agents, insurers, attorneys and shareholders, harmless from and against any and all fines, claims, costs, losses, expenses (including attorneys' and accountants' fees and court costs arising from the enforcement of this Article 12.5 or otherwise), demands, damages, actions, causes of action, and other liabilities of every kind and nature arising or resulting, directly or indirectly from the operation of the Franchised Business (including the use of Franchised Products or materials specified or approved by Franchisor), the construction or occupancy of the Franchised Premises, the use or operation of any fixtures, equipment or motor vehicle, the sale of any Franchised Products, and the breach by Franchisee of this Agreement. Franchisee shall notify Franchisor of any and all such matters as soon as Franchisee becomes aware of them. Unless otherwise required by an applicable insurance contract, Franchisor shall have the exclusive right to control and direct legal activities associated with any such action through counsel retained and compensated by it if that action is deemed by Franchisor in its sole discretion to be potentially damaging to other franchisees, licensees, other Franchised Businesses, the Lee's Famous Recipe System, or Franchisor's business, public image or goodwill generally.

ARTICLE 13 FRANCHISEE'S COVENANTS

Article 13.1 Covenant not to Compete

(a) In addition to and not in limitation of any other restrictions on Franchisee contained herein, during the term of this Agreement, Franchisee, and each guarantor hereof (and any person directly or indirectly owning at least a 5% equity interest in Franchisee or the Franchised Business) covenants, individually not to engage as an owner, operator, or in any managerial capacity in any quick service food business featuring chicken and other complimentary items similar to those offered by the Franchised Business (a "Competing Business") other than as a franchisee of the Lee's Famous Recipe System; provided, however, that Franchisee shall not be prohibited hereby from owning equity securities of any Competing Business so long as Franchisee's ownership interest shall represent less than 1% of the total number of outstanding shares of such business.

(b) Upon the termination or expiration of this Agreement, or if Franchisee or any guarantor assigns or transfers its interest herein to any entity, then in such event Franchisee and any guarantor hereof covenants, for a period of two years after such expiration, termination or transfer or assignment, not to engage as an owner, operator, or in any managerial capacity, in any Competing Business within the Assigned Protected Area or within a five mile radius of the Assigned Protected Area or the Assigned Protected Area of any other Lee's Famous Recipe franchisee or licensee of Franchisor. Franchisee agrees that the purpose of this covenant is not to deprive Franchisee of a means of livelihood and will not do so, but is rather to protect the goodwill and interest of Franchisor and the Lee's Famous Recipe System.

Article 13.2 Franchised Know-How

In the event of any termination or expiration of this Agreement for any reason, Franchisee agrees that it will never use Franchisor's Franchised Know-How in the design, development or operation of any Competing Business. Franchisee agrees that if it engages as an owner, operator or in any managerial capacity in any such business, it will assume the burden of proving that it has not used Franchisor's Franchised Know-How. The protection granted hereunder shall be in addition to and not in lieu of all other protections for trade secrets and confidential information as may otherwise be afforded in law or in equity.

Article 13.3 Franchisor's Remedies

Franchisee understands and acknowledges the difficulty of ascertaining monetary damages and the irreparable harm that would result from breach of these covenants in Articles 13.1 and 13.2. Each of the covenants in Articles 13.1 and 13.2 shall be construed as independent of any other covenant or provision of this Agreement. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all thereof, Franchisee and Franchisor agree that the same shall be enforced to the fullest extent permissible under the law. In addition, Franchisor may, at any time, in its sole discretion, reduce the duration and/or geographic scope of this provision by written notice to Franchisee in order to have it conform with applicable law and Franchisee shall comply promptly with any covenant as so modified. Franchisee agrees that the existence of any alleged claim it may have against Franchisor whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 13. Franchisor shall be entitled to receive injunctive relief to enforce each of the covenants set forth above in addition to any other relief to which it may be entitled at law or in equity. Franchisor shall be entitled to receive such injunctive relief without the necessity of posting bond or other security, such bond or other security being hereby waived.

ARTICLE 14 TERM AND RENEWAL

Article 14.1 Initial Term

Unless otherwise terminated, the term of this Agreement shall expire 20 years from the Effective Date of this Agreement.

Article 14.2 Renewal; New Franchise Agreement

Upon the expiration of the 20 year period set forth in Article 14.1 above, Franchisee shall have the right to renew the franchise granted hereunder for one additional period of 20 years using Franchisor's then current form of franchise agreement, provided Franchisee has the right to continue to occupy the Franchised Premises, and subject to the following conditions:

(a) Franchisee at the expiration date of this Agreement and within the 24 months immediately prior thereto shall not be or have been in default in the performance of any

material obligation under this Agreement or any other agreement between Franchisee and Franchisor or any of Franchisor's affiliates;

(b) Franchisee shall have modernized or contracted to modernize the Franchised Premises, including building, signs, equipment, furnishings and decor, so as to reflect the then current image of Lee's Famous Recipe System restaurants;

(c) Franchisee shall have made written application to Franchisor for such new franchise agreement no earlier than 365 days and no later than 120 days prior to the expiration date;

(d) Franchisee shall have paid a renewal fee equal to the then current franchise fee being charged by Franchisor for new franchises;

(e) Franchisor shall be reasonably satisfied as to the operational and financial good standing, both of Franchisee and any guarantors, and of any other Lee's Famous Recipe System restaurants owned and/or operated by Franchisee and any guarantors pursuant to an agreement with Franchisor or any of its affiliates;

(f) Franchisee shall have executed a general release of all claims, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates and their owners, shareholders, members, parents, officers, directors, and employees;

(g) Franchisee, and if Franchisee is an entity, Franchisee's Operating Principal, and Franchisee's managers shall have completed any retraining program required by Franchisor to Franchisor's satisfaction; and

(h) At least 30 days prior to the expiration date of this Agreement, Franchisee shall have executed and returned to Franchisor the then current form of franchise agreement, which will supersede this Agreement in all respects and may provide for an increase in royalties and other fees, and contain other material changes; provided, however, Franchisee will not have any additional renewal rights.

Franchisee's renewal rights shall automatically expire if Franchisee does not fully comply with all the foregoing provisions of this Article 14.2.

ARTICLE 15 DEFAULT AND TERMINATION

Article 15.1 Automatic Termination Without Notice

This Agreement shall terminate automatically, without any notice or action required by Franchisor:

(a) upon the insolvency of Franchisee;

(b) upon the filing by Franchisee of any proceedings under any federal or state bankruptcy or insolvency law;

(c) upon the filing of an involuntary petition against Franchisee under any bankruptcy or insolvency laws that is not dismissed within 30 days after filing;

(d) if Franchisee shall make a general assignment for the benefit of creditors;

(e) if a receiver shall be appointed by any court for Franchisee; or

(f) if within 30 days after execution, attachment or other creditor's process shall issue against Franchisee or any of Franchisee's assets, the same shall not be released and discharged.

In no event shall this Agreement or any right of interest hereunder be deemed an asset in any bankruptcy, insolvency, receivership, composition liquidation or reorganization proceeding.

Article 15.1.1 Immediate Termination Upon Notice

This Agreement may be terminated effective immediately, by notice from Franchisor to Franchisee:

(a) if Franchisee defaults under the lease for the Franchised Premises and does not cure within the prescribed period of time thereunder, or if Franchisee's right of possession of the Franchised Premises is terminated at any time for any cause whatsoever, except as provided in Article 16.5 below;

(b) if Franchisee fails to commence operation of the Franchised Business as required by Article 4.2 herein;

(c) if Franchisee or any party controlling, controlled by or under common control with Franchisee, or any principal officer of Franchisee or any such person, owning an interest in Franchisee is convicted of, or pleads guilty to, a felony, crime of moral turpitude or any other crime or offense that is possibly likely, in the sole opinion of Franchisor, to affect adversely the Lee's Famous Recipe System, any Lee's Famous Recipe System restaurant, the Trademarks or the goodwill associated therewith;

(d) if Franchisee duplicates any portion of the Lee's Famous Recipe System or uses the Confidential Information in any Competing Business;

(e) if Franchisee violates any of the covenants in Article 13 above or otherwise discloses, uses, permits the use of, copies, duplicates, records, transmits, or otherwise reproduces all or any of the Manuals, any other materials, goods or information treated or used by Franchisor and designated for confidential use within the Lee's Famous Recipe System without Franchisor's prior approval, or violates any of the representations, warranties and covenants stated in Article 21(j) with respect to terrorist activities and money laundering;

(f) if Franchisee has received from Franchisor three notices to cure the same or substantially similar defaults or violations of this Agreement during any 12 month period;

(g) if Franchisee fails, for a period of 30 days after notification of non-compliance by appropriate authority to comply with any law or regulation applicable to the operation of the Franchised Business;

(h) if Franchisee knowingly maintains false books or records, or knowingly submits any false reports to Franchisor, or denies or obstructs or restricts Franchisor's right to inspect the Franchised Business, receive samples for testing or examine any of Franchisee's business records;

(i) if, in Franchisor's reasonable judgment, the continued operation of the Franchised Business will result in imminent danger to public health or safety;

(j) if Franchisee shall discontinue or abandon operation of the Franchised Business for 48 consecutive hours;

(k) if Franchisee assigns or transfers or attempts to assign or transfer any interest in the Franchised Business or this Agreement without prior written consent of Franchisor or if the requirements of Article 16 herein otherwise are violated; or

(l) if Franchisee intentionally revokes the Authorization Agreement for Pre-Authorized Payments Article 3.1(a) requires, or closes the account to which the Authorization Agreement for Pre-Authorized Payments applies without first having established another account and having signed and delivered to Franchisor a new Authorization Agreement for Pre-Authorized Payments on a form acceptable to Franchisor and Franchisor's bank.

Article 15.1.2 Termination Upon Notice With Opportunity to Cure: 5 Day Cure

Franchisor may terminate this Agreement immediately upon notice to Franchisee, if Franchisee fails to pay when due any amount owed to Franchisor, Franchisor's affiliates, or any third-party supplier approved by Franchisor, if such default continues for 5 days after Franchisor gives written notice of such default to Franchisee.

Article 15.1.3 Termination Upon Notice With Opportunity to Cure: 30 Day Cure

Franchisor may terminate this Agreement immediately upon notice to Franchisee, if Franchisee fails to comply with any of the other terms and conditions contained in this Agreement, the Manuals, any mandatory specification, standard or operating procedure, or any other agreement with Franchisor or its affiliates, if such default continues for 30 days after Franchisor gives written notice of such default to Franchisee (or, if the default is of a type that it cannot be reasonably corrected within such 30 day period, within such additional time as may be reasonably required to cure such default with Franchisee acting diligently to so cure).

Article 15.1.4 Termination: Casualty Loss or Condemnation

Franchisor may terminate this Agreement immediately upon notice to Franchisee, if the Franchised Premises shall be rendered inoperable by any casualty or taking in condemnation or by eminent domain and Franchisee shall not, within 365 days from the date of such casualty or taking in condemnation or by eminent domain, locate an alternative location within the Assigned Protected Area as provided in Article 16.5 below and restore the Franchised Premises to full operation within a reasonable period of time.

Article 15.1.5 Notice of Claim: By Franchisee

In the event that Franchisee shall claim that Franchisor has failed to meet any obligation under this Agreement, Franchisee shall provide Franchisor with written notice of such claim, within one year of its occurrence, specifically enumerating all alleged deficiencies and providing Franchisor with a reasonable opportunity to cure, which shall in no event be less than 30 days from the date of receipt of such notice by Franchisor from Franchisee. Failure to give such notice shall constitute a waiver of any such alleged default.

Article 15.2 Non-Waiver of Rights

The waiver by Franchisor of any particular default by Franchisee hereunder shall not be deemed to be a waiver of, nor affect or impair, Franchisor's rights in respect of any subsequent default of the same or a different nature. Any delay, forbearance or omission by Franchisor to act or to give notice of default or to exercise any power or right arising by reason of such default hereunder shall not be deemed to be a waiver by Franchisor of any right hereunder or the right subsequently to give notice of such default and shall not affect or impair Franchisor's rights hereunder concerning such default or any subsequent breach or default. The description of any default in any notice served by Franchisor hereunder on Franchisee shall not preclude Franchisor from specifying additional or supplemental defaults in any action, arbitration, hearing or suit relating to this Agreement or its termination.

Article 15.3 Termination of Rights

Upon the expiration or termination of this Agreement, all of Franchisee's rights and privileges hereunder shall cease immediately and Franchisee shall immediately cease operating or using, or permitting to be used or operated, anywhere in any manner, and whether directly or indirectly: (i) the Trademarks; (ii) all advertising and promotional materials and programs, menu boards, signs, supplies, uniforms, vehicles or other items bearing the Trademarks, including any telephone numbers and listings, websites, domain names, or other online communication systems on the internet; (iii) the Confidential Information; (iv) the Manuals; and (v) Franchisor's exterior building and interior decor designs. Upon such expiration or termination for any reason, Franchisee shall immediately return to Franchisor all of the Manuals and Confidential Information, equipment and other property owned by Franchisor, and Franchisee immediately shall remove all Trademarks and all signs and distinctive trade dress and designs so that the Franchised Premises does not resemble any Lee's Famous Recipe System restaurants. Franchisee shall further leave the Franchised Premises in a clean, healthy and safe manner (including, but not limited to removal of all unused food product) and immediately pay Franchisor all unpaid amounts outstanding, or

other amounts due under this Agreement or agreements with affiliates of Franchisor. If any of the foregoing is not done promptly to Franchisor's satisfaction, Franchisor may enter and make such changes as it deems necessary, at Franchisee's sole expense, as well as proceed to contact all landlords or contact all necessary parties as it relates to the Franchised Business and without incurring any liability. Upon approval to enter by the landlord or other authority, Franchisor may at its option operate the Franchised Business without Franchisee until such time as it deems necessary in order to protect the Trademarks. Upon termination for any default by Franchisee, the amount payable to Franchisor shall include actual and consequential damages, costs and expenses (including reasonable attorneys' fees) incurred by Franchisor as a result of the default, and shall also include (as stipulated damages and not as a penalty), an amount equal to the last 208 payments for Royalties and Brand Cooperative Advertising Fees due during the preceding 208 weeks pursuant to Articles 3.1 and 10.2 hereof (or if the Franchised Business has not been opened 208 weeks, the weekly average multiplied by 208). Promptly upon termination or expiration of this Agreement, Franchisee shall also take such action as may be required by Franchisor to transfer and assign to Franchisor or its designee (or disconnect) all telephone numbers and domain names, discontinue all white and yellow page listings and advertisements and cancel all trade and similar name registrations and business licenses.

Article 15.4 Injunctive Relief and Recovery Costs

In addition to the right to terminate this Agreement, Franchisor shall have all other rights and remedies at law and in equity for breach by Franchisee of the terms and conditions of this Agreement, including the right to seek injunctive relief for any violation, or attempted or threatened violation of any such terms and conditions. Franchisee shall reimburse Franchisor for its cost and expenses, including reasonable attorneys' fees, incurred in the exercise of Franchisor's rights and remedies under this Agreement.

Article 15.5 Franchisor's Option to Cure

Franchisor shall have the right, but not the obligation, at its election, and in addition to all other remedies, to cure at Franchisee's sole expense any default by Franchisee under any lease or sublease for the Franchised Premises or under any agreement pertaining to the lease or rental of, or payment of indebtedness on, any fixtures, equipment or other personal property used by Franchisee in the Franchised Business. In such event, Franchisee shall immediately pay or reimburse Franchisor for such payments made pursuant hereto.

ARTICLE 16 SALE OF BUSINESS OR TRANSFER OF FRANCHISE

Article 16.1 Sale or Transfer Restricted

Franchisee acknowledges and agrees that the rights and duties created by this Agreement are personal to Franchisee, and that Franchisor has granted such rights in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Franchisee and any persons owning an interest in Franchisee. Accordingly, neither Franchisee nor any person owning any direct or indirect equity interest therein, shall, without Franchisor's prior written consent, permit the Franchised Business to be

operated, managed, directed or controlled, directly or indirectly, by any party other than Franchisee, or directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest: (i) in this Agreement or any portion or aspect thereof, (ii) the Franchised Business; (iii) the Franchised Premises; or (iv) any equity or voting interest in Franchisee, (any such act or event is referred to as a “Transfer”.) Any such purported Transfer occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without Franchisor’s prior written consent shall be a material default of this Agreement and convey no rights to, or interest in, this Agreement. In addition, in the event Franchisee is a corporation, the stock of such corporation shall not be publicly sold or traded on any securities exchange or in the over-the-counter market without the express prior written consent of Franchisor.

Article 16.2 Conditions for Approval of Transfer

Franchisor’s approval of any transfer is, in all cases, conditioned on all of the following conditions being met prior to the effective date of a Transfer under this Article 16:

(a) Franchisor must be given at least 60 days’ prior written notice of the proposed Transfer;

(b) the proposed transferee (and its owners if the proposed transferee is an entity) must meet Franchisor’s then current standards for franchisees, including, being of good character and reputation, having an acceptable credit rating and competent business experience, education, and other qualifications acceptable to Franchisor and shall not be a competitor of Franchisor;

(c) the proposed Transfer shall be at a price and upon such terms and conditions as Franchisor, in its sole judgment, shall deem reasonable;

(d) Franchisee and the proposed transferee shall have fully paid or satisfied all of their obligations to Franchisor;

(e) Franchisee and the proposed transferee shall not be in default hereunder or under any agreement with Franchisor or any affiliates of Franchisor;

(f) the then current transfer fee required by Franchisor, which may change, but as of the date of this Agreement is \$7,500 per franchise agreement, shall have been paid;

(g) if the requested Transfer involves 50% or more of the assets of the Franchised Business, or 50% or more of the direct or indirect ownership interest of or in Franchisee if Franchisee is an entity (including step or related transfers occurring within 60 months), the proposed transferee shall execute Franchisor’s then current franchise agreement and other then current ancillary agreements as Franchisor may require for a term expiring on the date of expiration of this Agreement, which substitute franchise agreement may contain terms and conditions substantially different from this Agreement;

(h) Franchisee and the proposed transferee shall have completed all designated transfer application forms and documents required by Franchisor;

(i) Franchisee shall have executed a general release of all claims, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates and their owners, shareholders, members, parents, officers, directors, and employees;

(j) Franchisee and its 5% or more owners (and any guarantors) must guarantee the transferee's financial obligations to Franchisor;

(k) Franchisee or the proposed transferee shall have completed all construction, remodeling, repairs, equipment replacements, image improvements and upgrades to the Franchised Business as designated by Franchisor;

(l) the proposed transferee shall have completed satisfactorily any and all training requirements then prescribed by Franchisor in its sole discretion and shall demonstrate a commitment to be actively involved in the Franchised Business;

(m) Franchisee shall have first offered to sell such interest to Franchisor pursuant to Article 16.6 below and the same shall have been declined in the manner therein set forth;

(n) the lessor and lender, if any, of the Franchised Premises must have given its advance written consent to the transfer, if required, and Franchisee must provide Franchisor with written proof thereof; and

(o) the name "Lee's Famous Recipe" shall not have been used in any advertising with respect to the proposed Transfer without Franchisor's prior written consent.

Article 16.3 Sale or Transfer to Family Members or Wholly-owned Entity, Death or Disability

(a) The restrictions imposed by Articles 16.1 and 16.2 above shall not be applicable to the Transfer of less than 50% of the assets of the Franchised Business or less than 50% of the direct or indirect ownership interest of or in Franchisee if Franchisee is an entity (including step or related transfers occurring within 24 months), directly or indirectly, as reasonably determined by Franchisor, to family members or trusts for their benefit.

(b) If Franchisee is an individual that is in full compliance with this Agreement, Franchisor will not unreasonably withhold Franchisor's approval of a transfer to an entity which conducts no business other than the Franchised Business (or other Lee's Famous Recipe System restaurants), which is actually managed by Franchisee and in which Franchisee maintains management control and owns and controls 100% of the equity and voting power of all issued and outstanding securities, provided that the current Franchisee executes the List of Owners attached as Exhibit E and the Guaranty of Franchisee's Undertakings attached as Exhibit F to this Agreement. Any subsequent transfers of any interest in that entity will be subject to the provisions of Articles 16.1 and 16.2.

(c) Upon Franchisee's death or permanent disability, or, if Franchisee is an entity, upon the death or permanent disability of the owner(s) of a controlling interest in Franchisee, Franchisor may require that the executor, administrator, conservator, guardian or other personal representative

of that person transfer the person's interest in this Agreement, the Franchised Business, or the person's interest in Franchisee, to a third party who meets Franchisor's then-current qualifications for franchisees and whom Franchisor approves. The disposition of this Agreement, the Franchised Business, or interest in Franchisee, including without limitation, any transfer by bequest or inheritance, must be completed within a reasonable time, not to exceed six months after the date of death or permanent disability, and will be subject to all of the terms and conditions contained in Articles 16.1 and 16.2. The Franchised Business must at all times be operated by personnel in compliance with Article 6 herein. The failure to transfer the interest in this Agreement, the Franchised Business, or interest in Franchisee within that period of time will constitute a default of this Agreement.

Article 16.4 Assignment to Lending Institutions

Franchisee must obtain Franchisor's prior written consent for the assignment, transfer or pledge of all or any part of the assets of the Franchised Business or this Agreement to banks or other lending institutions as collateral security for loans made directly to or for the benefit of the Franchised Business, or any other proposed assignment or pledge of this Agreement, which approval will not permit further transfers or assignment of this Agreement without compliance by the transferee or assignee with the provisions of Articles 16.1 and 16.2 above.

Article 16.5 Casualty Loss or Condemnation

Notwithstanding any other provisions herein to the contrary, Franchisee shall have the right to change the location of the Franchised Premises to a new location within the Assigned Protected Area in the event the Franchised Premises shall be rendered inoperable by any casualty, or the Franchised Premises shall be taken in condemnation or by eminent domain, or the principal highway access to the Franchised Premises shall be terminated or so changed as to substantially reduce access to the Franchised Premises; provided that (i) Franchisee notifies Franchisor thereof within 30 days of the occurrence or first notice of the potential taking; (ii) such new location is approved in writing in advance by Franchisor; (iii) Franchisee removes all signs, Trademarks and distinctive Lee's Famous Recipe System designs so that the abandoned premises do not resemble a Lee's Famous Recipe System restaurant and (iv) if Franchisor approves the new location and authorizes Franchisee to relocate, Franchisee opens a new Lee's Famous Recipe System restaurant at the new location pursuant to the terms of Franchisor's approval, the new location will become the Franchised Business under this Agreement.

Article 16.6 Right of First Refusal

If Franchisee shall receive a bona fide offer from a buyer satisfactory to Franchisor as set forth in Article 16.1 above and/or desires to sell, transfer, assign, lease or sublet any interest in this Agreement, the Franchised Premises or any part thereof, or in the Franchised Business thereon conducted, it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent (net of any real estate or business brokerage commissions). Franchisor may accept such offer at any time within 60 days after receipt thereof. If Franchisor or Franchisor's designee, declines, or does not within such 60 day period accept such offer, then Franchisee may proceed to sell, transfer, assign, lease or sublet such interest to such buyer pursuant to the terms and conditions of Articles 16.1 and 16.2 above, but not at a lower price nor on more favorable

terms than have been offered to Franchisor. None of the Trademarks shall be used at or in any public auction, nor in any offer made to the public (through any medium of advertising) to sell, transfer, assign, lease or sublet any interest in Franchisee, this Agreement, the Franchised Premises or any part thereof, or in the Franchised Business thereon conducted, or in the equipment or furnishings located thereon. If Franchisee fails to complete such sale within 90 days following the refusal or failure to act by Franchisor, then Franchisee may not complete such transaction without first offering the same to Franchisor again as provided above. The terms of this Article 16.6 do not apply to a sale and subsequent leaseback of the Franchised Premises or any furnishings or equipment used thereon, or any other sale or other transfer of the Franchised Premises or the furnishings or equipment thereon in connection with any bona fide financing plan.

Article 16.7 Transfer by Franchisor

This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor in its sole discretion to any person or legal entity that agrees to assume Franchisor's obligations hereunder, including a competitor of Franchisor, and shall be binding upon and inure to the benefit of Franchisor's successors and assigns including, without limitation, any entity which acquires all or a portion of the capital stock or ownership interest of Franchisor or any entity resulting from or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor's rights and duties hereunder are assigned or transferred.

ARTICLE 17 RIGHT TO USE MODIFICATIONS OR CHANGES

Franchisor shall have a non-exclusive right to use and incorporate in the Lee's Famous Recipe System for its own and/or its other franchisees' and licensees' benefit, all or any part of any modifications, changes or improvements developed or discovered by Franchisee or Franchisee's employees or agents in the Franchised Business without any liability or obligation therefore to Franchisee or any other person or entity.

ARTICLE 18 NOTICE

(a) Any and all notices, demands or communications required to be given by Franchisor to Franchisee hereunder shall be 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 Franchisee at the address in the preamble of this Agreement, or to such other address as Franchisee may hereafter provide to Franchisor in writing. Any notice, demand or communication shall be deemed to be given three 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 Franchisee to Franchisor hereunder shall be 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 Franchisor at the address set forth below, or to such other addresses as Franchisor may hereafter provide to Franchisee in writing:

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

ARTICLE 19 SEVERABILITY OF PROVISIONS

(a) The provisions of this Agreement are severable, and if any provision is held illegal, invalid or unenforceable, the holding shall not affect the legality, validity or enforceability of any other provision. Any illegal, invalid or unenforceable provision shall be reformed to the minimum extent necessary to render it legal, valid and enforceable and, as so reformed, shall continue in full force and effect.

(b) This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute 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.

ARTICLE 20 GOVERNING LAW, DISPUTE RESOLUTION AND CONSTRUCTION OF PROVISIONS

Article 20.1 Benefit

When executed by both parties, this Agreement shall inure to the benefit of the parties and their respective heirs, personal representatives, successors and permitted assigns, as authorized hereunder. This Agreement shall be binding upon Franchisee on the Effective Date, but shall not be binding upon Franchisor until accepted and signed by an officer of Franchisor.

Article 20.2 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et. seq.), this Agreement shall be governed, construed and interpreted in accordance with the laws of the state where Franchisor's principal executive office is located without reference to its conflict of laws principles. The parties agree that the any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met. This Article 20.2 does not apply to the interest charges on overdue payments, which shall be governed in accordance with Article 3.1.1 of this Agreement.

Article 20.3 Mediation; Choice of Forum

(a) Mediation.

(i) Except for actions which Franchisor may bring in any court of competent jurisdiction (i) for monies owed, (ii) for injunctive or other extraordinary relief, or (iii) involving the Trademarks or confidential information, the parties agree to promptly submit any claim, controversy, issue or dispute (hereafter "Dispute") arising out of or relating to this Agreement and any exhibits hereto or guarantees hereof, to non-binding mediation prior to commencing litigation. The initiating party must give written notice to the other party, describing the Dispute and identifying one or more individuals with authority to resolve the Dispute. The other party will have 10 days after receipt of the notice to designate in writing one or more individuals with authority to resolve the Dispute.

(ii) The mediation shall be conducted by either an individual mediator selected by the parties hereto, or if the parties are unable to agree, a mediator appointed by the International Institute for Conflict Prevention and Resolution, Inc. ("CPR"), or if CPR does not then exist, through the American Arbitration Association in accordance with its rules governing mediation. The parties shall use good faith efforts to select a mediator or have a mediator selected in accordance with any of the foregoing within 15 days after notice of a Dispute.

(iii) The mediation shall be held in the city where Franchisor's principal executive office is located.

(iv) The costs and expenses of mediation, including compensation and expenses of the mediator, shall be borne by the parties equally.

(b) Choice of Forum.

(i) If the parties are unable to resolve the claim, controversy or dispute within 60 days after written notice of the Dispute, Franchisee and Franchisor shall file any suit exclusively in the appropriate federal or state court in the state and county in which Franchisor has its principal executive office, however, with respect to any action (i) for monies owed, (ii) for injunctive relief or other extraordinary relief, or (iii) involving the possession or disposition of, or other relief relating to the Trademarks or the confidential information, Franchisor may bring such action in any court of competent jurisdiction. The parties irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction of or venue in such courts. Service of process of process in any such suit or action may be made in the manner in this Agreement set forth for the giving of notices and the same shall constitute valid personal service for all purposes, each party hereby waiving personal service by other means.

(ii) Franchisee acknowledges and agrees that failure to comply with the terms of this Agreement could cause irreparable harm to Franchisor or the System. Therefore, in addition to any other relief available at law or equity, Franchisor shall 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) Franchisee's use of the Trademarks and Franchisor's confidential information; (ii) Franchisee's covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement or any other with Franchisor; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Trademarks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) prohibiting any act or omission by Franchisee or its employees that constitutes a violation of applicable law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

Article 20.4 Effective Date; Survival

Except as provided in Article 20.1 above, the Effective Date of this Agreement for all purposes whatsoever (whether used for purposes of reference or computation herein or hereafter) shall be the Effective Date. Articles 3, 4.1(b), 11, 12, 13, 15, 17, 18, 19, 20 and 21 and Exhibits D, E and F shall survive the expiration or termination of this Agreement.

Article 20.5 Table of Contents, Captions and Construction

The table of contents and captions of this Agreement are inserted only as a matter of convenience and for reference, and in no way define, affect, limit or describe the scope or intent of this Agreement. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number and any other gender, as the context or sense of this Agreement or any provision hereof may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named Franchisee, if more than one person is so named.

Article 20.6 Entire Agreement

This Agreement, including the exhibits and any addenda, constitutes the entire agreement between the parties and shall not be modified except by a written document executed by both parties. Notwithstanding the foregoing, this Agreement and any addendum to this Agreement shall not operate to disclaim any representation made in the Franchise Disclosure Document provided to Franchisee.

Article 20.7 Attorneys' Fees

Should Franchisor institute an action that in any way arises out of this Agreement or any alleged default thereof, Franchisor, if it prevails, shall recover from Franchisee, in addition to any other relief, its costs and reasonable attorneys' fees incurred in pursuing such action. Should Franchisee institute an action against Franchisor (or its members, affiliates, agents or employees),

Franchisor, if it prevails, shall recover from Franchisee, its costs and reasonable attorneys' fees incurred in defending such action.

Article 20.8 Waiver of Damages

TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTIES MUTUALLY AND WILLINGLY WAIVE ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. IN THE EVENT OF A DISPUTE BETWEEN THE PARTIES, EACH IS LIMITED TO RECOVERING ONLY THE ACTUAL DAMAGES IT SUSTAINS. NOTHING IN THIS SECTION LIMITS FRANCHISOR'S RIGHT OR THE RIGHT OF AN INDEMNIFIED PARTY TO BE INDEMNIFIED AGAINST THE PAYMENT OF PUNITIVE OR EXEMPLARY DAMAGES TO A THIRD PARTY. THE PARTIES ALSO ACKNOWLEDGE THAT THE STIPULATED DAMAGES PAYABLE BY FRANCHISEE UNDER THIS AGREEMENT ARE NOT PUNITIVE OR EXEMPLARY DAMAGES.

Article 20.9 Waiver of Jury Trial

THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM WHETHER NOW EXISTING OR ARISING IN THE FUTURE, INCLUDING ANY AND ALL CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD PARTY CLAIMS AND INTERVENOR'S CLAIMS, WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES.

Article 20.10 Class Action Bar

THE PARTIES AGREE THAT CLAIMS OF ANY OTHER PARTY OR PARTIES SHALL NOT BE JOINED WITH ANY CLAIMS ASSERTED IN ANY ACTION OR PROCEEDING BETWEEN FRANCHISOR AND FRANCHISEE.

Article 20.11 Final Execution

The submission of this Agreement to Franchisee does not constitute an offer, and this Agreement shall become effective only upon execution by both Franchisor and Franchisee.

Article 20.12 Personal Information Privacy

Franchisor has the right, and Franchisee hereby consents, to Franchisor using and disclosing all personal information collected from Franchisee and its principals for any purpose connected with the Lee's Famous Recipe System, and this Agreement and its enforcement, including providing or listing contact information for Franchisee and its principals and management employees for Lee's Famous Recipe 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 Franchisor's disclosure documents and, where applicable,

prospectuses, statements of material facts and other securities filings and documents; and making reports or information received from Franchisee pertaining to the franchise, or portions thereof or extracts therefrom, available for inspection by prospective franchisees, to substantiate information contained in Franchisor's disclosure documents for prospective franchisees regarding the subject matter of such reports or information, as the same pertain to the Franchise or Lee's Famous Recipe System in general. Franchisor may also share such personal information where needed with Franchisor's professional advisors, lenders or affiliates or under agreements with third parties relating to the Franchise or Lee's Famous Recipe System. Franchisor may give access to or transfer Franchisor's files containing such personal information to a prospective purchaser or purchaser of the franchise system. Franchisee is responsible to obtain any required consents from its principals and management employees as may be necessary for it to comply with these provisions.

ARTICLE 21 FRANCHISEE'S ACKNOWLEDGMENTS

FRANCHISEE REAFFIRMS THE PROVISIONS OF ARTICLE 12.2 DISCLAIMER AND UNDERSTANDS AND ACKNOWLEDGES THAT THERE ARE SIGNIFICANT RISKS IN ANY BUSINESS VENTURE AND THAT THE PRIMARY FACTOR IN FRANCHISEE'S SUCCESS OR FAILURE IN THE FRANCHISED BUSINESS WILL BE FRANCHISEE'S OWN EFFORTS. IN ADDITION, FRANCHISEE ACKNOWLEDGES AND AGREES:

(a) FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS NOT RECEIVED OR RELIED UPON ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT, OR AS TO THE SUITABILITY OF THE FRANCHISED PREMISES AS A SUCCESSFUL SITE FOR THE FRANCHISED BUSINESS, AND THAT FRANCHISOR AND ITS REPRESENTATIVES HAVE MADE NO REPRESENTATIONS TO FRANCHISEE OTHER THAN OR INCONSISTENT WITH THE MATTERS SET FORTH IN THE FRANCHISE DISCLOSURE DOCUMENT PROVIDED TO FRANCHISEE, AND THAT FRANCHISEE HAS UNDERTAKEN THIS VENTURE SOLELY IN RELIANCE UPON THE MATTERS SET FORTH IN THE FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISEE'S OWN INDEPENDENT INVESTIGATION OF THE MERITS OF THIS VENTURE.

_____ **[Franchisee's Initials]**

(b) FRANCHISEE HAS NO KNOWLEDGE OF ANY REPRESENTATIONS BY FRANCHISOR OR ITS OFFICERS, DIRECTORS, MEMBERS, SHAREHOLDERS, EMPLOYEES, OR AGENTS, ABOUT THE FRANCHISED BUSINESS CONTEMPLATED BY THIS AGREEMENT THAT ARE CONTRARY TO THE FRANCHISE DISCLOSURE DOCUMENT, THE TERMS OF THIS AGREEMENT, OR THE DOCUMENTS INCORPORATED HEREIN. FRANCHISEE REPRESENTS, AS AN INDUCEMENT TO FRANCHISOR'S ENTRY INTO THIS AGREEMENT, THAT FRANCHISEE HAS MADE NO MISREPRESENTATIONS IN OBTAINING THIS AGREEMENT.

_____ [Franchisee's Initials]

(c) FRANCHISOR'S APPROVAL OF FRANCHISEE'S PREMISES DOES NOT CONSTITUTE RECOMMENDATION OR ENDORSEMENT OF THE FRANCHISED PREMISES, NOR ANY ASSURANCE BY FRANCHISOR THAT THE OPERATION OF A FRANCHISED BUSINESS AT THE FRANCHISED PREMISES WILL BE SUCCESSFUL OR PROFITABLE.

_____ [Franchisee's Initials]

(d) FRANCHISOR OR ITS AGENT HAS PROVIDED FRANCHISEE WITH THE MOST CURRENT FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN DAYS PRIOR TO FRANCHISEE'S EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE HAS READ SUCH FRANCHISE DISCLOSURE DOCUMENT AND UNDERSTANDS THE CONTENTS THEREIN.

_____ [Franchisee's Initials]

(e) FRANCHISOR OR ITS AGENT HAS PROVIDED FRANCHISEE WITH THIS AGREEMENT AT LEAST SEVEN DAYS PRIOR TO FRANCHISEE'S EXECUTION OF THIS AGREEMENT.

_____ [Franchisee's Initials]

(f) FRANCHISEE HAS HAD AMPLE OPPORTUNITY TO CONSULT WITH FRANCHISEE'S OWN ATTORNEYS, ACCOUNTANTS AND OTHER ADVISORS, AND HAS TAKEN SUCH OPPORTUNITY, AND ANY ATTORNEYS FOR FRANCHISOR HAVE NOT ADVISED OR REPRESENTED FRANCHISEE WITH RESPECT TO THIS AGREEMENT OR THE RELATIONSHIP THEREBY CREATED.

_____ [Franchisee's Initials]

(g) FRANCHISEE, TOGETHER WITH FRANCHISEE'S ADVISORS, HAVE SUFFICIENT KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS TO MAKE AN INFORMED INVESTMENT DECISION WITH RESPECT TO THE FRANCHISE.

_____ [Franchisee's Initials]

(h) FRANCHISEE IS AWARE OF THE FACT THAT OTHER PRESENT OR FUTURE LICENSEES, FRANCHISEES AND DEVELOPERS OF FRANCHISOR CURRENTLY OPERATE AND MAY OPERATE UNDER SUBSTANTIALLY DIFFERENT FORMS OF AGREEMENTS, AND CONSEQUENTLY THAT FRANCHISOR'S OBLIGATIONS AND RIGHTS WITH RESPECT TO ITS VARIOUS LICENSEES, FRANCHISEES AND DEVELOPERS MAY DIFFER MATERIALLY IN CERTAIN CIRCUMSTANCES AND CONTAIN PROVISIONS THAT ARE MATERIALLY DIFFERENT

FROM THE PROVISIONS OF THIS AGREEMENT, AND FRANCHISEE IS NOT ENTITLED TO RELY ON ANY OTHER PROVISIONS OF ANY OTHER AGREEMENTS OF OTHER FRANCHISEES, LICENSEES OR DEVELOPERS, WHETHER TO ESTABLISH COURSE OF DEALING, WAIVER, ESTOPPEL OR FOR ANY OTHER PURPOSE.

_____ **[Franchisee's Initials]**

(i) FRANCHISEE (AND ITS OWNERS IF FRANCHISEE IS AN ENTITY) REPRESENT AND WARRANT TO FRANCHISOR THAT NEITHER FRANCHISEE, NOR ANY OWNER, NOR ANY OF THEIR AFFILIATES IS IDENTIFIED, EITHER BY NAME OR AN ALIAS, PSEUDONYM OR NICKNAME, ON THE LISTS OF "SPECIALLY DESIGNATED NATIONALS" OR "BLOCKED PERSONS" MAINTAINED BY THE U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL. FURTHER, FRANCHISEE (AND ITS OWNERS IF FRANCHISEE IS AN ENTITY) REPRESENT AND WARRANT THAT NEITHER THEY NOR ANY OF THEIR AFFILIATES HAS VIOLATED, AND EACH OF THEM AGREES NOT TO VIOLATE, ANY LAW PROHIBITING CORRUPT BUSINESS PRACTICES, MONEY LAUNDERING OR THE AID OR SUPPORT OF PERSONS WHO CONSPIRE TO COMMIT ACTS OF TERROR AGAINST ANY PERSON OR GOVERNMENT, INCLUDING ACTS PROHIBITED BY THE USA PATRIOT ACT, U.S. EXECUTIVE ORDER 13224, OR ANY SIMILAR LAW. THE FOREGOING CONSTITUTE CONTINUING REPRESENTATIONS AND WARRANTIES, AND FRANCHISEE (AND ITS OWNERS IF FRANCHISEE IS AN ENTITY) SHALL IMMEDIATELY NOTIFY FRANCHISOR IN WRITING OF THE OCCURRENCE OF ANY EVENT OR THE DEVELOPMENT OF ANY CIRCUMSTANCE THAT MIGHT RENDER ANY OF THE FOREGOING REPRESENTATIONS AND WARRANTIES FALSE, INACCURATE OR MISLEADING.

_____ **[Franchisee's Initials]**

[Signature page follows]

IN WITNESS WHEREOF, the parties authorized representatives hereby execute this Agreement to be effective as of the Effective Date set forth above.

FRANCHISOR:

FRANCHISEE:

**LEE'S FRANCHISOR LLC,
a Delaware limited liability company**

By: _____

By: _____

Printed: Ryan Weaver

Printed: _____

Title: Chief Executive Officer

Title: _____

Date: _____

Date: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT

TRADEMARKS

Mark	Registration Number
FAMOUS RECIPE®	0974710
FAMOUS RECIPE®	1013215
LEE'S FAMOUS RECIPE®	1311285
LEE'S: FAMOUS FOR CHICKEN®	4722489
LEE'S: FAMOUS FOR CHICKEN®	4722490
LEE'S: FAMOUS FOR CHICKEN®	4722491
LEE'S FAMOUS RECIPE CHICKEN (Design)	5016592
LEE'S FAMOUS RECIPE CHICKEN (Design)	5016593
LEE'S FAMOUS RECIPE CHICKEN (Design)	5016594

EXHIBIT B-1 TO THE FRANCHISE AGREEMENT

FRANCHISED PREMISES AND
IDENTIFICATION AS A TRADITIONAL STAND-ALONE, STREAMLINED OR
NON-TRADITIONAL LOCATION

EXHIBIT B-2 TO THE FRANCHISE AGREEMENT
SITE SELECTION AREA FOR FRANCHISED PREMISES

EXHIBIT C TO THE FRANCHISE AGREEMENT
ASSIGNED PROTECTED AREA

EXHIBIT D TO THE FRANCHISE AGREEMENT

AUTHORIZATION AGREEMENT
FOR PRE-AUTHORIZED PAYMENTS

**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 E TO THE FRANCHISE AGREEMENT

LIST OF OWNERS

LIST OF OWNERS

In consideration of the execution of the accompanying Franchise Agreement by Franchisor, and based on the benefit received from the Franchise Agreement, each of the following persons, being all of the owners of a direct or indirect ownership interest in the business entity that has executed the Franchise Agreement (the “Franchisee”), hereby agree that he, she or it shall not transfer, assign or pledge any direct or indirect equity interest in Franchisee to any person without the prior, written consent of Franchisor and in compliance with the provisions of Article 16 of the Franchise Agreement.

In consideration of the execution of the accompanying Franchise Agreement by Franchisor, and based on the benefit received from the Franchise Agreement, each of the following persons who owns a 5% or more direct or indirect ownership interest in Franchisee hereby adopt and agree to comply with the terms and provisions of Article 4 and Article 13 of the Franchise Agreement.

This document 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.

<u>Signature, Printed Name and Address</u>	<u>Date</u>	<u>Percentage Ownership</u>

EXHIBIT F TO THE FRANCHISE AGREEMENT
GUARANTY OF FRANCHISEE'S UNDERTAKINGS

GUARANTY OF FRANCHISEE'S UNDERTAKINGS

In consideration of, and as an inducement to, the execution of Franchise Agreement (“Franchise Agreement”) dated as of the ____ day of _____ 20__ by Lee’s Franchisor LLC, (“Franchisor”) and _____ (“Franchisee”), each of the undersigned hereby jointly and severally guarantees unto Franchisor that the Franchisee named herein will perform during the term of this Guaranty of Franchisee’s Undertakings (“Guaranty”) each and every covenant, payment, agreement and undertaking on the part of Franchisee contained and set forth in the Franchise Agreement (the “Liabilities”).

This Guaranty constitutes an absolute, unconditional, irrevocable and continuing guaranty and shall remain in full force and effect as to the obligations under the Franchise Agreement until the satisfaction of all of those obligations.

Franchisor, its successors and assigns, may from time to time, without notice to the undersigned: (i) resort to any or all of the undersigned for payment of any of the Liabilities of Franchisee to Franchisor or any affiliate of Franchisor, whether or not it or its successors have resorted to any property securing any of the Liabilities or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the Liabilities; (ii) release or compromise any liability of any of the undersigned hereunder or any liability of any party or parties primarily or secondarily liable on any of the Liabilities; or (iii) extend, renew or credit any of the Liabilities for any period (whether or not longer than the original period), alter, amend or exchange any of the Liabilities, or give any other form of indulgence, whether under the Franchise Agreement or not.

The undersigned agrees to comply with and abide by the restrictive covenants and non-disclosure provisions contained in Article 4.1(b) and Article 13 of the Franchise Agreement to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions, except to the extent otherwise required by the Franchise Agreement. Upon Franchisor’s request, Guarantor shall furnish personal financial statements. These obligations of the undersigned shall survive any expiration or termination of the Franchise Agreement or this Guaranty.

The undersigned further waives presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including without limitation: (i) notice of acceptance hereof; (ii) notice of all contracts and commitments; (iii) notice of the existence or creation of any liabilities under the Franchise Agreement and of the amount and terms thereof; and (iv) notice of all defaults, disputes or controversies between Franchisee and Franchisor resulting from such Franchise Agreement or otherwise, and the settlement, compromise or adjustment thereof.

The undersigned authorizes Franchisor to make any extensions, renewals, compromises, settlements, releases or dispositions of all or any part of the foregoing obligations from time to time without notice to anyone. Those actions shall not affect, diminish or impair the liability of the undersigned in any manner. In addition, any failure, neglect or omission by Franchisor to make any demand or protest or give any notice of dishonor or default shall not affect, diminish or impair the liability of the undersigned in any manner. Franchisor shall have no obligation, at any time, to resort first to, make demand on, make claim against, or exhaust its remedies against Franchisee,

any of the other undersigned parties, or any other person, or to resort to or exhaust its remedies against any collateral, security or other rights whatsoever.

Franchisor may demand payment by or bring suit against the undersigned at any time, jointly or severally. Franchisor may release any of the undersigned from all further liability to Franchisor under this Guaranty without impairing Franchisor's rights in any respect to demand and receive the satisfaction of the balance of any outstanding obligations from any of the other undersigned parties not released. The failure, omission or delay by Franchisor to exercise its rights under this Guaranty in the event of a default by Franchisee shall not constitute a waiver of the default or of any of its rights or remedies under the Franchise Agreement, this Guaranty, or any other instrument.

The undersigned jointly and severally agrees to pay all expenses paid or incurred by Franchisor in enforcing the Franchise Agreement and this Guaranty against Franchisee and against the undersigned and in collecting or attempting to collect any amounts due there under and hereunder, including reasonable attorneys' fees if such enforcement or collection is by or through an attorney-at-law. Any waiver, extension of time or other indulgence granted from time to time by Franchisor, its agents, its successors or assigns, with respect to the Franchise Agreement, shall in no way modify or amend this Guaranty, which shall be continuing, absolute, unconditional and irrevocable.

The undersigned agrees that all actions relating to or arising from this Guaranty shall be filed exclusively in the appropriate federal or state court in the state and county where Franchisor has its principal executive office. The undersigned hereby waives any rights or objections to the jurisdiction or venue of any such actions when filed in such courts.

If more than one person has executed this Guaranty, the term "the undersigned," shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary, and bind their respective heirs, legal representatives, successors and assigns.

In the event of the death, incompetency, dissolution, liquidation, insolvency of, or institution of bankruptcy or receivership proceedings by or against Franchisee, all of the obligations of Franchisee to Franchisor (including, without limitation, any obligations that arise from the termination of the Franchise Agreement) then existing shall become immediately due and payable by the undersigned at Franchisor's option.

The undersigned agrees that Franchisor shall have the right at any time, including to conduct credit checks of the undersigned and the undersigned hereby consents to Franchisor conducting such credit checks and to the information provider disclosing such information to Franchisor.

This Guaranty 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.

[Signature page follows]

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty under seal effective as of the ____ day of _____, 20__.

Guarantor

Guarantor

Guarantor's Printed Name

Guarantor's Printed Name

Guarantor

Guarantor

Guarantor's Printed Name

Guarantor's Printed Name

EXHIBIT G TO THE FRANCHISE AGREEMENT
CONFIDENTIALITY 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 franchised business (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 shall 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 the 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 shall 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 B
MARKET DEVELOPMENT AGREEMENT

MARKET DEVELOPMENT AGREEMENT

This Market Development Agreement (“Agreement”) entered into on _____ between: (i) Lee’s Franchisor LLC, a Delaware limited liability company (the “Franchisor”); and (ii) _____, a (resident of) (corporation organized in) (limited liability company organized in) _____ with a business address at _____ (the “Developer”).

BACKGROUND

A. Franchisor and its affiliates have developed and own a distinctive format and system relating to the development and operation of restaurants featuring chicken and other approved food, beverage and other products (each, a “Restaurant”), all of which are prepared, stored and served in accordance with Franchisor’s method of doing business, 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 (defined below), as Franchisor periodically may modify and further improve (the “Lee’s Famous Recipe System”).

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

C. The Lee’s Famous Recipe System and the Restaurants are identified by the “LEE’S FAMOUS RECIPE” service marks, and other service marks, trademarks, domain names, logos, slogans, and commercial symbols that Franchisor has designated, or may in the future designate, for use in the Lee’s Famous Recipe System (collectively, the “Trademarks”). The parties agree and acknowledge that Franchisor has established substantial goodwill and business value in its Trademarks, expertise, and Lee’s Famous Recipe System.

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

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

F. Developer recognizes the benefits from receiving the right to operate a Restaurant utilizing the Lee’s Famous Recipe System and desires to: (i) become a multi-unit operator subject to the terms of this Agreement; and (ii) receive the benefits provided by Franchisor under this Agreement.

G. Developer has applied for the right to open and operate a certain number of Restaurants within the Development Area as set forth in this Agreement, and Franchisor has approved such application in reliance on Developer's representations made therein.

H. Developer hereby acknowledges that adherence to the terms of this Agreement, including Franchisor's operations manual and other Lee's Famous Recipe System standards and specifications, are essential to the operation of all Restaurants and the Lee's Famous Recipe System as a whole.

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

AGREEMENT

1. Development Area, Development Schedule, and Reservation of Rights.

1.1 Subject to the terms and conditions set forth herein, Franchisor grants Developer the right, and Developer undertakes the obligation, to develop and establish the number of Restaurants set forth in the Data Sheet attached hereto as Exhibit A (the "Data Sheet") within the development area set forth on the Data Sheet ("Development Area"), provided Developer opens and commences operations of such Restaurants in strict accordance with the mandatory development schedule also set forth in the Data Sheet (the "Development Schedule"), and otherwise subject to the terms and conditions set forth herein.

1.2 If Developer is in compliance with its obligations under this Agreement and all of the Franchise Agreements between Developer (including any affiliate of Developer) and Franchisor, then Franchisor shall not establish, nor license anyone other than Developer to establish, a Restaurant in the Development Area until the termination or expiration of this Agreement, except as otherwise provided under Article 1.3 below.

1.3 Notwithstanding Article 1.2 of this Agreement, Franchisor (for itself and its affiliates) retain the right to:

(a) grant rights to master concessionaires or contract food service providers to operate Lee's Famous Recipe Restaurants or outlets inside airports and other travel facilities, military bases, hospitals, convention centers, stadiums, arenas, or other recreational, entertainment, business or industrial food service facilities where food service is provided only by a master concessionaire or contract food service provider within the Development Area;

(b) establish or acquire, and operate, restaurants or other food service units selling the same or similar products or services using different trademarks and service marks in any location; and

(c) offer and sell the same or similar products, or other products, through any other distribution channel, including sales through wholesale distributors, supermarkets, other retail outlets, and the Internet and other electronic channels, using the trademarks or any other marks, to any location.

2. Development Fee.

2.1 In consideration of the development rights granted herein, Developer shall pay the development fee set forth in the Data Sheet (the "Development Fee") to us upon execution of this Agreement. The Development Fee is fully earned when paid. Developer shall not be entitled to any refund of any portion of the Development Fee under any circumstances, including Developer's failure to open Restaurants in the

Development Area according to the Development Schedule. You shall pay us the Development Fee in full upon execution of this Agreement.

2.2 Developer 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. Developer shall receive a credit of \$15,000 against the payment of the Initial Franchise Fee due for each Restaurant developed according to the Development Schedule, except for the first Restaurant to be opened in the Development Area.

3. **Initial Franchise Agreement.** Contemporaneous with the execution of this Agreement, Developer must enter into Franchisor's current form of Franchise Agreement for the initial Restaurant that Developer is required to open within the Development Area. In the event Developer is a business entity of any kind, then Developer's principals/owners must each execute the form of personal guaranty attached to the foregoing Franchise Agreement, as well as any additional Franchise Agreements described in Article 4 of this Agreement.

4. **Additional Franchise Agreements.** Developer agrees and acknowledges that it must: (i) enter into Franchisor's then-current form of Franchise Agreement for each additional Restaurant that Developer is required to open under this Agreement; and (ii) enter into such Franchise Agreements at such times that are required for Developer to timely meet, and strictly adhere to, its obligations under the agreed upon Development Schedule.

5. **Development Obligations.** Developer must ensure that, at a minimum, Developer: (i) executes Franchisor's then-current form of Franchise Agreement during each of the development periods defined in the Development Schedule (each, a "Development Period"); (ii) opens and commences operations of the number of new Restaurants during each Development Period; and (iii) has the minimum cumulative number of Restaurants 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 Developer's failure to comply with the Development Schedule in any manner with respect to any Development Period is grounds for immediate termination of this Agreement. Additionally, if Developer fails to comply with the Development Schedule, or otherwise materially default under this Agreement, then Franchisor may (in addition to our other remedies available to us under this Agreement, the Franchise Agreement(s), and applicable law) terminate or modify Developer's territorial rights in or to the Development Area, reduce or modify the Development Area, or reduce the number of Restaurants that Developer shall develop under this Agreement. However, Franchisor may, in its absolute and sole discretion, grant Developer one extension to the Development Schedule, provided that Developer shall pay Franchisor an Extension Fee in the amount of \$5,000. Franchisor reserves the right to deny the request for extension of the Development Schedule for any reason.

6. **Term and Termination.**

6.1 This Agreement will commence as of the date it is fully executed and, unless earlier terminated by Franchisor, will automatically expire on the earlier of: (i) the last day of the calendar month that the final Restaurant is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Restaurant that Developer is granted the right to open under this Agreement. Upon expiration or termination of this Agreement for any reason, Developer will not have any territorial rights other than those that might be granted in connection with a "Assigned Protected Area" associated with a Restaurant that Developer has opened and commenced operating as of the date this Agreement is terminated or expires (if and as such rights are granted by Franchisor under the respective Franchise Agreement(s) that Developer entered into for such Restaurant(s)).

6.2 Franchisor will have the right, at its option, to terminate this Agreement and all rights granted to Developer hereunder, without affording Developer any opportunity to cure such default, effective upon written notice to Developer, upon the occurrence of any of the following events: (i) if Developer ceases to actively engage in development activities in the Development Area or otherwise abandons its development business for three (3) consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Restaurants within the Development Area; (ii) if Developer becomes insolvent or is adjudicated bankrupt, or if any action is taken by Developer, or by others against the Developer, under any insolvency, bankruptcy or reorganization act, or if Developer makes an assignment for the benefit of creditors or a receiver is appointed by the Developer; (iii) if Developer purports to sell, transfer or otherwise dispose of its entity or any interest in its itself, this Agreement, or the business Developer operates under this Agreement, in violation of Article 7 hereof; (iv) if Developer fails to meet its development obligations under the Development Schedule for any single Development Period; (v) if any Franchise Agreement that is entered into in order to fulfill Developer's development obligations under this Agreement is terminated or subject to termination by Franchisor, pursuant to the terms of that Franchise Agreement; or (vi) if Developer fails to execute a Franchise Agreement by the deadline set forth in the Data Sheet.

7. Assignment.

7.1 Neither this Agreement, nor any of Developer's rights hereunder, nor any interest in Developer, shall be assignable or transferable by Developer, directly or indirectly, by operation of law or otherwise ("Transfer"), without Franchisor's prior written consent. Any such purported Transfer occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without Franchisor's prior written consent, shall be a material default of this Agreement and convey no rights to, or interest in, this Agreement.

7.2 All of the following conditions must be met prior to the effective date of a Transfer under this Article 7:

(a) Developer must provide Franchisor at least 90 days' prior written notice of the proposed Transfer;

(b) The proposed transferee (and its owners if the proposed transferee is an entity) must meet Franchisor's then current standards for developers and franchisees, including, being of good character and reputation, having an acceptable credit rating and competent business experience, education, and other qualifications acceptable to Franchisor, and shall not be a competitor of Franchisor;

(c) Developer and the proposed transferee shall have fully paid or satisfied all of their obligations to Franchisor;

(d) Developer and the proposed transferee shall not be in default hereunder or under any agreement with Franchisor or any affiliates of Franchisor;

(e) The transfer must be in conjunction with a simultaneous transfer to the same transferee of all Restaurants operated by Developer within the Territory;

(f) The then current transfer fee required by Franchisor, which may change, but as of the date of this Agreement is \$5,000 per location to be developed, shall have been paid;

(g) Developer and the proposed transferee shall have completed all designated transfer application forms and documents required by Franchisor, including Franchisor's then current Market

Development Agreement for a term expiring on the date of expiration of this Agreement, which substitute Market Development Agreement may contain terms and conditions substantially different from this Agreement; and

(h) Developer shall have executed a general release of all claims, in a form satisfactory to Franchisor, of any and all claims against Franchisor, its affiliates and their owners, shareholders, members, parents, officers, directors, and employees.

7.3 In the event of the death or disability of Developer, or if Developer is an entity, then in the event of the death or disability of the owner(s) of a controlling interest in the entity, Franchisor shall not unreasonably withhold its consent to a transfer or assignment of Developer's interest herein to a transferee, who shall in the sole judgment of Franchisor be capable of performing the duties and obligations of Developer hereunder and under any Franchise Agreement to be issued pursuant to this Agreement, or to a responsible bona fide purchaser acceptable to Franchisor. The disposition of this Agreement must be completed within a reasonable time, not to exceed six months after the date of death or permanent disability, and will be subject to all of the terms and conditions contained in Articles 7.1 and 7.2.

7.4 If Developer shall receive a bona fide offer from a buyer satisfactory to Franchisor as set forth in Article 7.2 above and/or desires to sell, transfer, assign, lease or sublet any interest in this Agreement, it shall offer the same to Franchisor in writing at the same price and on the same terms or the monetary equivalent (net of any real estate or business brokerage commissions). Franchisor may accept such offer at any time within 60 days after receipt thereof. If Franchisor declines, or does not within such 60 day period accept such offer, then Developer may proceed to sell, transfer, assign, lease or sublet such interest to such buyer pursuant to the terms and conditions of Articles 7.1 and 7.2 above, but not at a lower price nor on more favorable terms than have been offered to Franchisor. If Developer fails to complete such sale within 90 days following the refusal or failure to act by Franchisor, then Developer may not complete such transaction without first offering the same to Franchisor again as provided above.

7.5 This Agreement and all rights and duties hereunder may be freely assigned or transferred by Franchisor in its sole discretion to any person or legal entity that agrees to assume Franchisor's obligations hereunder, including a competitor of Franchisor, and shall be binding upon and inure to the benefit of Franchisor's successors and assigns including, without limitation, any entity which acquires all or a portion of the capital stock or ownership interest of Franchisor or any entity resulting from, or participating in a merger, consolidation or reorganization in which Franchisor is involved, and to which Franchisor's rights and duties hereunder are assigned or transferred.

8. **No Right to use the Marks.** Developer acknowledges that this Agreement is not a franchise agreement and does not confer upon Developer any rights to use the Franchisor's Trademarks or the Lee's Famous Recipe System.

9. **Restrictive Covenants.**

9.1 Developer acknowledges that Franchisor owns or has the right to trade secrets and that all material or other information now or hereafter provided or disclosed to Developer regarding the Restaurants is disclosed to Developer in strict confidence and Developer agrees not to disclose any part of it to anyone who is not an employee or franchisee of Franchisor, and Developer agrees to use such information only as necessary to perform its obligations under this Agreement or a Franchise Agreement. Franchisor shall be entitled to obtain injunctive relief without the necessity of posting a bond, in addition to any other legal or equitable remedies it may have if Developer fails to comply with the provisions contained herein.

9.2 During the term of this Agreement, Developer covenants not to engage as an owner, operator, or in any managerial capacity in any quick service food business featuring chicken and other complimentary items similar to those offered by the Lee's Famous Recipe System (a "Competing Business") other than as a franchisee of the Lee's Famous Recipe System; provided, however, that Developer shall not be prohibited hereby from owning equity securities of any Competing Business so long as Developer's ownership interest shall represent less than 1% of the total number of outstanding shares of such business.

9.3 Upon the termination or expiration of this Agreement, or if Developer assigns or transfers its interest herein pursuant to Article 7 hereof, then in such event Developer and any guarantor hereof covenants, for a period of two years after such expiration, termination or transfer or assignment, not to engage as an owner, operator, or in any managerial capacity, in any Competing Business within the Development Area or within a five mile radius of the Development Area of any other developer of Franchisor. Developer agrees that the purpose of this covenant is not to deprive Developer of a means of livelihood and will not do so, but is rather to protect the goodwill and interest of Franchisor and the Lee's Famous Recipe System.

10. Notices.

10.1 Any and all notices, demands or communications required to be given by Franchisor to Developer hereunder, shall be 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 Developer at the address in the preamble of this Agreement, or to such other address as Developer may hereafter provide to Franchisor in writing. Any such notice, demand or communication shall be deemed to be given three days after mailing, or on the date of receipt, whichever is earlier.

10.2 Any and all notices, demands or communications required to be given by Developer to Franchisor hereunder shall be 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 Franchisor at the address set forth below, or to such other addresses as Franchisor may hereafter provide to Developer in writing:

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

11. **Choice of Law.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§1051 et. seq.), this Agreement shall for all purposes be governed by and interpreted and enforced in accordance with the laws of the state where Franchisor's principal executive office is located, without reference to choice of law and conflict of law provisions. The parties agree that the any state law or regulation applicable to the offer or sale of franchises or the franchise relationship will not apply unless the jurisdictional provisions are independently met.

12. Mediation; Litigation.

12.1 Except for actions which Franchisor may bring in any court of competent jurisdiction (i) for monies owed, (ii) for injunctive or other extraordinary relief pursuant to Article 13, or (iii) involving the Trademarks or confidential information, the parties agree to promptly submit any claim, controversy, issue or dispute (hereafter "Dispute") arising out of or relating to this Agreement and any exhibits hereto or guarantees hereof, to non-binding mediation prior to commencing litigation. The initiating party must give written notice to the other party, describing the Dispute and identifying one or more individuals with authority

to resolve the Dispute. The other party will have 10 days after receipt of the notice to designate in writing one or more individuals with authority to resolve the Dispute.

12.2 The mediation shall be conducted by either an individual mediator selected by the parties hereto, or if the parties are unable to agree, a mediator appointed by the International Institute for Conflict Prevention and Resolution, Inc. (“CPR”), or if CPR does not then exist, through the American Arbitration Association in accordance with its rules governing mediation. The parties shall use good faith efforts to select a mediator or have a mediator selected in accordance with any of the foregoing within 15 days after notice of a Dispute. The mediation shall be held in the city where Franchisor’s principal executive office is located. The costs and expenses of mediation, including compensation and expenses of the mediator, shall be borne by the parties equally.

12.3 If the parties are unable to resolve the claim, controversy or dispute within 60 days after the written notice of the Dispute, Developer and Franchisor shall file any suit exclusively in the appropriate federal or state court that is closest to in the state and county in which Franchisor has its principal executive office, however, with respect to any action (i) for monies owed, (ii) for injunctive relief or other extraordinary relief, or (iii) involving the possession or disposition of, or other relief relating to the Trademarks or the confidential information, Franchisor may bring such action in any court of competent jurisdiction. The parties irrevocably submit to the jurisdiction of such courts and waive any objections to either the jurisdiction of or venue in such courts. Service of process in any such suit or action may be made in the manner in this Agreement set forth for the giving of notices and the same shall constitute valid personal service for all purposes, each party hereby waiving personal service by other means.

13. **Injunctive Relief.** Developer acknowledges and agrees that failure to comply with the terms of this Agreement could cause irreparable harm to Franchisor or the Lee’s Famous Recipe System. Therefore, in addition to any other relief available at law or equity, Franchisor shall 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) Developer’s use of the Trademarks and Franchisor’s confidential information; (ii) Developer’s covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement or any Franchise Agreement with Franchisor; (iii) Developer’s obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the Trademarks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor’s rights with respect to confidentiality under this Agreement; and (vi) prohibiting any act or omission by Developer or its employees that constitutes a violation of applicable law, threatens Franchisor’s franchise system or threatens other franchisees of Franchisor. Developer’s only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Developer waives all damage claims if the injunction is wrongfully issued.

14. **Third Party Beneficiaries.** Franchisor’s officers, directors, shareholders, agents and/or employees are express third party beneficiaries of this Agreement and the dispute resolution procedures contained herein, including without limitation, the right to specifically utilize and exhaust the mediation procedure with respect to any and all claims asserted against such person(s) by Developer or its principals.

15. **JURY TRIAL WAIVER.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR DEVELOPER’S PURCHASE FROM FRANCHISOR OF THE DEVELOPMENT RIGHTS DESCRIBED HEREIN.

16. **WAIVER OF CLASS ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE RESTAURANT, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN DEVELOPER, DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

17. **Waiver of Punitive Damages.** Developer waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which Developer may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, Developer's recovery will be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

18. **Force Majeure.** If any party fails to perform any obligation under this Agreement due to a cause beyond the control of and without the negligence of such party, such failure will not be deemed a breach of this Agreement, provided such party uses best efforts to perform such obligations as soon as possible under the circumstances. Such causes include strikes, wars, riots, civil commotion, and acts of government, except as may be specifically provided for elsewhere in this Agreement.

19. **Costs; Attorneys' Fees; Indemnification.**

19.1 Should Franchisor institute an action that in any way arises out of this Agreement or any alleged default thereof, Franchisor, if it prevails, shall recover from Developer, in addition to any other relief, its costs and reasonable attorneys' fees incurred in pursuing such action. Should Developer institute an action against Franchisor (or its members, affiliates, agents or employees), Franchisor, if it prevails, shall recover from Developer, its costs and reasonable attorneys' fees incurred in defending such action.

19.2 Developer shall protect, defend, indemnify and save and hold Franchisor, and any of its affiliates and their respective directors, members, managers, officers, affiliates, subsidiaries, agents, insurers, attorneys and shareholders, harmless from and against any and all fines, claims, costs, losses, expenses (including attorneys' and accountants' fees and court costs), demands, damages, actions, causes of action, and other liabilities of every kind and nature arising or resulting, directly or indirectly from the construction of restaurants, the use or operation of any fixtures, equipment or motor vehicle, and the breach by Developer of this Agreement.

20. **Relationship of the Parties.** Franchisor and Developer 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.

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

22. **Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning, which renders it valid and enforceable. The 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 that they are valid and enforceable. If any material provision of this Agreement will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

23. **Construction of Language.** The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

24. **Successors.** References to “Franchisor” or “Developer” include the respective parties’ successors, assigns or transferees, subject to the limitations of Article 7 of this Agreement.

25. **Additional Documentation.** Developer must from time to time, subsequent to the date first set forth above, at Franchisor’s request and without further consideration, execute and deliver such other documentation or agreements and take such other action as Franchisor may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that Developer fails to comply with the provisions of this Article, Developer hereby appoints Franchisor as Developer’s attorney-in-fact to execute any and all documents on Developer’s behalf, as reasonably necessary to effectuate the transactions contemplated herein.

26. **No Right to Offset.** Developer may not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of the alleged nonperformance of Franchisor or any of its affiliates or as an offset against any amount Franchisor or any of its affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

27. **Entire Agreement.** This Agreement contains the entire agreement between the parties concerning Developer’s development rights within the Development Area; no promises, inducements or representations (other than those in the Franchise Disclosure Document) not contained in this Agreement have been made, nor will any be of any force or effect, or binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor’s policies, procedures, standards, specifications or manuals at Franchisor’s discretion. In the event of a conflict between this Agreement and any Franchise Agreement(s), the terms, conditions and intent of this Agreement will control. Nothing in this Agreement, or any related agreement, is intended to disclaim any of the representations Franchisor made to Developer in the Franchise Disclosure Document that Franchisor provided to Developer. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

28. **Acknowledgments.**

28.1 **Success of Franchised Business.** The success of the business venture Developer intends to undertake under this Agreement is speculative and depends, to a large extent, upon Developer (or Developer’s owner(s)) ability as an independent businessman, and Developer’s active participation in the daily

affairs of the Restaurant as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the business venture.

28.2 Independent Investigation. Developer acknowledges that it has entered into this Agreement after making an independent investigation of Franchisor's operations and not upon any representation as to gross revenues, volume, potential earnings or profits which Developer might be expected to realize, nor has anyone made any other representation, which is not expressly stated herein, to induce Developer to accept this franchise and sign this Agreement.

28.3 Receipt of Documents. Except for filling in the blank provisions and changes made as a result of negotiations that Developer initiated, Developer acknowledges that it 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. Developer further acknowledges that it 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. Developer represents that it has read this Agreement in its entirety and that Developer has been given the opportunity to clarify any provisions that Developer did not understand and to consult with any attorney or other professional advisor. Developer further represents that it understands the provisions of this Agreement and agree to be bound.

28.4 Other Franchises. Developer acknowledges that other Lee's Famous Recipe developers have or will be granted development rights at different times and in different situations, and further acknowledges that the provisions of such rights and obligations 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: Ryan Weaver

Name: _____

It's: CEO

It's: _____

EXHIBIT A to MARKET DEVELOPMENT AGREEMENT

DATA SHEET

1. **Number of Restaurants to be Developed in Development Area:**

Type of Restaurant to be Developed	Number of Restaurants to be Developed
Traditional Stand-Alone Restaurants	
Traditional Streamlined Restaurants	
Non-traditional Restaurants	
TOTAL	

2. **Development Area.** The Development Area shall consist of the following geographic boundaries (or will be set forth in an attached map to this exhibit): _____

3. **Development Fee.** Developer shall pay a Development Fee equal to \$_____.

4. **Development Schedule.** The Development Schedule referred to in the Development Agreement is as follows:

Development Period	# of New Restaurants to be Opened Within Development Period	Type of Restaurant(s) to be developed during 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					

[Signatures Appear on Following Page]

APPROVED AND ACCEPTED BY:

FRANCHISOR:

LEE'S FRANCHISOR LLC

By: _____
Ryan Weaver, CEO

Date: _____

DEVELOPER:

By: _____
NAME, Individually

Date: _____

By: _____
NAME, Individually

Date: _____

EXHIBIT C
FINANCIAL STATEMENTS

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.

-1-

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
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	34,149,941	21,625,752	1,508,102
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	1,663,577	1,105,550	77,049
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	(3,099,135)	(1,877,769)	(313,577)
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 Advertising 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 Advertising 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	(45,000)	-	-
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**

	2023	2022	From the period from May 6, 2021 (inception) to December 31, 2021
	<u>2023</u>	<u>2022</u>	<u>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**

	2023	2022	From the period from May 6, 2021 (inception) to December 31, 2021
	<u>2023</u>	<u>2022</u>	<u>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
	<u>2023</u>	<u>2022</u>	<u>2021</u>
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	<u>189,493</u>	<u>124,090</u>	<u>12,525</u>
Total General and Administrative Expenses	<u><u>\$ 4,490,837</u></u>	<u><u>\$ 2,754,154</u></u>	<u><u>\$ 455,174</u></u>

ARTEMIS RESTAURANT CORP.
CONSOLIDATED SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
LFRC RE HOLDINGS, LLC
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Depreciation	\$ 319,764	\$ 190,362
Other expenses	881	-
Professional fees	<u>-</u>	<u>122,518</u>
Total General and Administrative Expenses	<u>\$ 320,645</u>	<u>\$ 312,880</u>

**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	<u>701,666</u>	<u>1,560,996</u>	<u>1,232,094</u>	<u>-</u>	<u>-</u>	<u>3,494,756</u>
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
	LFRC RE Mt. Sterling	LFRC SSB LLC	LFRC RE Springfield	Elimination	Total
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	<u>1,184,000</u>	<u>3,076,625</u>	<u>6,848,333</u>	<u>-</u>	<u>11,108,958</u>
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	<u>-</u>	<u>18,743</u>	<u>47,310</u>	<u>-</u>	<u>66,053</u>
Long-Term Liabilities:					
Notes payable, less current portion	-	1,893,257	4,728,689	-	6,621,946
Total liabilities	<u>-</u>	<u>1,912,000</u>	<u>4,775,999</u>	<u>-</u>	<u>6,687,999</u>
Equity:					
Member's equity	<u>1,184,000</u>	<u>1,164,625</u>	<u>2,072,334</u>	<u>-</u>	<u>4,420,959</u>
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	316,988	739,593	-	1,056,581
Gross profit	136,006	315,515	-	451,521
General and Administrative Expenses	84,988	370,186	-	455,174
Operating income (loss)	51,018	(54,671)	-	(3,653)
Other Income (Expenses):				
Miscellaneous income	1,104	8,028	-	9,132
Interest expense	-	-	-	-
Total other income, net	1,104	8,028	-	9,132
Income (Loss) Before Income Taxes	52,122	(46,643)	-	5,479
Income Tax Expense	-	-	-	-
Net Income (Loss)	\$ 52,122	\$ (46,643)	\$ -	\$ 5,479

**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>

**UNAUDITED FINANCIAL STATEMENTS
AS OF MARCH 31, 2024**

THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

Artemis Restaurant Corp.

Income Statement - 1Q 2024 (Unaudited)

CONFIDENTIAL

	1Q24
Total Revenues	\$13,850,335
COGS	5,928,780
Gross Profit	\$7,921,555
Gross Profit %	57.2%
Payroll	2,855,355
Benefits & Taxes	518,619
Total Cost of Labor	\$3,373,974
as % of Total Revenues	24.4%
Utilities	274,356
Services	248,371
Operating & Administrative	254,767
Purchasing and R&D	1,314
Repairs & Maintenance	96,210
Travel & Field Support	82,865
Franchise Sales & Support	32,404
Professional Fees	171,124
Total Semi-Variable Expenses	\$1,161,411
as % of Total Revenues	8.4%
Occupancy	270,372
Insurance	106,544
Bank & Transaction Fees	384,036
Royalty Fees	304,274
Ad Fees	238,414
Marketing	124,054
Taxes and Other	154,085
Non-Controllable Expenses	\$1,581,779
as % of Total Revenues	11.4%
Adjusted EBITDA	\$1,804,391
as % of Total Revenues	13.0%
Depreciation and Amortization	711,287
Interest Expense	796,269
Income Tax	--
Other Expense	(35)
Net Income	\$296,870
as % of Total Revenues	2.1%

Artemis Restaurant Corp.

Balance Sheet - 1Q 2024 (Unaudited)

CONFIDENTIAL

(\$USD)

	3/31/24
ASSETS	
Cash	\$6,488,902
Accounts Receivable	2,818,216
Inventory	281,577
Other Current Asset	534,360
Total Current Assets	\$10,123,055
Fixed Asset	\$17,626,623
Other Asset	26,547,057
Total Assets	\$54,296,735
LIABILITIES AND EQUITY	
Accounts Payable	\$1,631,341
Other Current Liability	872,451
Long Term Liability	39,745,631
Total Liabilities	\$42,249,424
Capital Contribution	\$12,000,000
Retained Earnings	47,312
Total Equity	\$12,047,312
Total Liabilities and Equity	\$54,296,735

EXHIBIT D
FRANCHISEES AS OF DECEMBER 31, 2023

ALABAMA

Address	City	State	Zip	Type	Franchisee Contact	Phone
511 Highway 78 West	Jasper	AL	35501	Licensed	Hixen, Timothy	205-384-4206

ILLINOIS

Address	City	State	Zip	Type	Franchisee Contact	Phone
1652 Carlyle Ave	Belleville	IL	62221	Licensed	Gamache, Emmett & Jenny	314-209-0055
501 North Gilbert Street	Danville	IL	61832	Licensed	Diveley, Steve	217-446-6999
3516 Nameoki Road	Granite City	IL	62040	Licensed	Gamache, Emmett & Jenny	314-209-0055

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 and Tyler Asher	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
762 US Hwy. 275.	Cynthiana	KY	41031	Franchised	Whitney, Michael	859-234-1067
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	Lane, Rhonda	606-365-9490
789 Jenkins Road	Whitesburg	KY	41858	Licensed	Moore, Bill	606-439-1971

MICHIGAN

Address	City	State	Zip	Type	Franchisee Contact	Phone
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

MISSOURI

Address	City	State	Zip	Type	Franchisee Contact	Phone
820 Jeffco Boulevard	Arnold	MO	63010	Licensed	Gamache, Emmett & Jenny	314-209-0055
2316 Paris Road	Columbia	MO	65202	Licensed	Fisher, Jim & John	573-230-8812
10090 West Florissant	Dellwood	MO	63136	Licensed	Gamache, Emmett & Jenny	314-209-0055
15602 Manchester Road	Ellisville	MO	63021	Licensed	Gamache, Emmett & Jenny	314-209-0055
2825 North Highway 67	Florissant	MO	63033	Licensed	Gamache, Emmett & Jenny	314-209-0055
1550 Missouri Boulevard	Jefferson City	MO	65109	Licensed	Fisher, Jim & John	573-230-8812
7232 Natural Bridge	Normandy	MO	63121	Licensed	Gamache, Emmett & Jenny	314-209-0055

1902 North Bishop	Rolla	MO	65401	Licensed	Fisher, Jason	573-364-9330
10645 St. Charles Rock Rd	St. Ann	MO	63074	Licensed	Gamache, Emmett & Jenny	314-209-0055
1012 South Fifth Street	St. Charles	MO	63301	Licensed	Gamache, Emmett & Jenny	314-209-0055
2629 South Jefferson	St. Louis	MO	63118	Licensed	Gamache, Emmett & Jenny	314-209-0055
5023 Natural Bridge	St. Louis	MO	63115	Licensed	Gamache, Emmett & Jenny	314-209-0055
3449 S Kingshighway Blvd	St. Louis	MO	63139	Licensed	Gamache, Emmett & Jenny	314-209-0055
6210 West Florissant	St. Louis	MO	63136	Licensed	Gamache, Emmett & Jenny	314-209-0055
690 Starwood Drive	St. Peters	MO	63376	Licensed	Gamache, Emmett & Jenny	314-209-0055
6221 Vernon Avenue	University City	MO	63130	Licensed	Gamache, Emmett & Jenny	314-209-0055

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	Collins, Ken & Bob Hower	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	Greg Anderson	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	Collins, Ken & Bob Hower	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
738 Cherry Road	Rockhill	SC	29730	Franchised	Mullis, Harris	803-366-5337

TENNESSEE

Address	City	State	Zip	Type	Franchisee Contact	Phone
523 Louisville Road	Alcoa	TN	37701	Franchised	Fesmire, Tom & Sharon	865-984-3880
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

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, 2023 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.**

VOLUNTARILY CEASED TO DO BUSINESS

Tim and Carol Hagan
thagan64@msn.com
260-450-1057

220 E Rudisill Blvd
Ft. Wayne, IN 46806

404 W State Blvd
Ft. Wayne, IN 46808

6316 Stellhorn Rd
Ft. Wayne, IN 46815

1830 W Dupont Rd
Ft. Wayne, IN 46818

Izabela Sobik
izabela.b.sobik@gmail.com
(407) 885-2788

Chuck Doran and Ken Riddle
5940 Far Hills Ave
Dayton, OH 45429
chuck.doran@leesdayton.com
(937) 252-99510

Larry Lawson
800 Charleston Ave
Mattoon, IL 61938
(217) 235-3731

TRANSFERRED

Bob Burden
1456 Celina Rd
St. Marys, OH 45885
(419) 394-8449

TERMINATED

Tom Hupfer
211 Dohoney Trace
Columbia, KY 42728
(812) 430-6701

Pete Ball
411 Fraley Dr
Morehead, KY 40351
(703) 999-9356

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 9033 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 Market 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 Market Development Agreement(s).
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Market 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 Market 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 Market Development Agreement for Indiana Franchisees

This Addendum to Market 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 Market 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 Market Development Agreement. To the extent the Market 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 Market 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 Market Development Agreement contains covenants not to compete upon expiration or termination of the Market 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 Market Development Agreement by Franchisor requires written consent of the Developer. If the Market Development Agreement contains provisions that are inconsistent with this requirement, the Practices Act will control.
5. If the Market 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 Market 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 Market 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 Market Development Agreement for Maryland Franchisees

This Addendum to Market Development Agreement is made in recognition of the requirements of the Maryland Franchise Registration and Disclosure Law. To the extent the Market 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 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 Market Development Agreement for Wisconsin Franchisees

This Addendum to Market Development Agreement is made in recognition of the requirements of the Wisconsin Fair Dealership Law. To the extent the Market 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 Market 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 Market 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, Market Development Agreement and Franchise Agreement?

Yes _____ No _____

If “No”, what parts of the FDD, Market Development Agreement and/or Franchise Agreement do you not understand?

(Attach additional pages if necessary.)

5. Have you discussed the FDD, Franchise Agreement, and Market 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 Market 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 Market 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 Market 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/Licensors 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/Licensors, 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/Licensors 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 2024 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 2nd day of May, 2024.

Guarantor:

ARTEMIS RESTAURANT CORP.

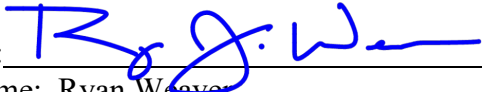
By: 
Name: Ryan Weaver
Title: CEO

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	May 3, 2024
Virginia	Pending
Wisconsin	May 3, 2024

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 May 3, 2024.

Ryan Weaver, President and CEO and William Sparks, Vice President of Operations 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 May 3 2024, that included the following the following Exhibits:

EXHIBIT A	FRANCHISE AGREEMENT	EXHIBIT H	STATEMENT OF PROSPECTIVE
EXHIBIT B	MARKET 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

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.

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[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