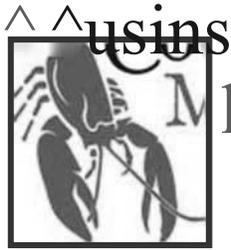


FRANCHISE DISCLOSURE DOCUMENT



Maine Lobster

CML Storefront, LLC a Maine limited liability company 125 John Roberts Road, Unit #2 South Portland, ME 04106
Telephone: 855-855-4265
franchise@cousinsmainelobster.com
www.cousinsmainelobster.com

As a franchisee, you will operate a restaurant serving lobster, seafood, and other items under the name “Cousins Maine Lobster®” from a storefront location.

The total investment necessary to begin operation of a Cousins Maine Lobster® restaurant is between ~~\$263,200~~ 266,700 and ~~\$897,900~~ 968,900. This includes between \$91,000 and \$151,000 that must be paid to the franchisor and 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, the 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 for you. To discuss the availability of disclosures in different formats, contact Sabin Lomac at 125 John Roberts Road, Unit #2, South Portland, ME 04106 and 855-855-4265.

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

ISSUANCE DATE: ~~June 27~~ May 2, 2023 2024

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Item 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
Item 2 BUSINESS EXPERIENCE	2
Item 3 LITIGATION	4
Item 4 BANKRUPTCY	4
Item 5 INITIAL FEES	4
Item 6 OTHER FEES	5
Item 7 ESTIMATED INITIAL INVESTMENT	9
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	1112
Item 9 FRANCHISEE’S OBLIGATIONS.....	15
Item 10 FINANCING	16
Item 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	16
.....	16
.....	17
<u>Item 12 TERRITORY</u>	<u>26</u>
<u>Item 12 TERRITORY</u>	<u>27</u>
<u>Item 13 TRADEMARKS.....</u>	<u>29</u> <u>30</u>
Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	30 31
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	31 32
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	31 33
Item 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	32 33
Item 18 PUBLIC FIGURES.....	37 38
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS	37 38
Item 20 OUTLETS AND FRANCHISEE INFORMATION	39 40
Item 21 FINANCIAL STATEMENTS.....	41 42
<u>Item 22 CONTRACTS</u>	<u>42</u>
<u>Item 22 CONTRACTS</u>	<u>43</u>
<u>Item 23 RECEIPTS.....</u>	<u>42</u> <u>43</u>

Exhibits

- A. State Administrators / Agents for Service of Process
- B. Franchise Agreement
- C. Financial Statements and Guarantees of Performance
- ~~D-1~~C-1. Financial Statements of Franchisor
- ~~D-2~~C-2. Financial Statements of CMLF
- ~~D-3~~C-3. Guarantee of Performance (Minnesota)
- ~~D-4~~C-4. Guarantee of Performance (Hawaii)
- C-5 Guarantee of Performance (Virginia)
- C-6 Guarantee of Performance (California)
- D. Operations Manual Table of Contents
- E. Form of General Release
- F. State-Specific Addendum
- G. Compliance Questionnaire
- H. Confidentiality and Non-Compete Agreement
- I. List of Franchisees
- J. State Effective Dates and Receipts

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, “we”, “us,” or “our” means CML Storefront, LLC, the franchisor. “You” or “your” means the person to whom we grant a franchise, whether you are an individual or a corporation, partnership, limited liability company or other legal entity, and includes all owners and partners of the person who buys the franchise.

The Franchisor, its Parent, and its Affiliates

We are a Maine limited liability company that was formed on February 21, 2017. Our principal business address is 125 John Roberts Road, Unit #2, South Portland, ME 04106. We do business under the name “Cousins Maine Lobster®,” and other trademarks we designate (the “Marks”). We began offering franchises in February 2017. We do not conduct any business activities other than franchising.

Our affiliate, Cousins Maine Lobster, LLC (“CML”) is a California limited liability company that was formed in November 17, 2011. CML’s principal business address is 125 John Roberts Road, Unit #2, South Portland, ME 04106. CML currently operates mobile food trucks serving the same, and similar items as Storefronts, under the Marks (“Food Trucks”) (and has done so since November 2011) and licenses the Marks to us that we license to you. CML has operated a Storefront since July 2015. CML has never offered franchises or conducted any other line of business.

Our affiliate, Cousins Seafood Distribution, LLC (“CSD”) is a Maine limited liability company that was formed on September 10, 2019. CSD’s principal business address is 125 John Roberts Road, Unit #2, South Portland, ME 04106. CSD is the sole supplier of seafood and other food items to our franchisees and sells products and inventory to our franchisees and other retailers. CSD has never offered franchises or conducted any other line of business.

Our affiliate, CML Franchise LLC (“CMLF”), is a Maine limited liability company that was originally formed in California on January 9, 2014. CMLF converted to a Maine entity on April 19, 2022 and has a principal business address at 125 John Roberts Road, Unit #2, South Portland, ME 04106. CMLF has common ownership with us and guarantees our pre-opening financial obligations to our franchisees in the states of California, Hawaii, Minnesota, and Virginia. CMLF offers franchises for Food Trucks under the Marks. As of December 31, ~~2022~~2023, CMLF had ~~38~~48 franchisee-owned outlets.

We have never offered franchises in any other line of business. We do not have any predecessors or parent. Other than as stated above, we do not have any affiliates that offer franchises in any line of business or provide products or services to our franchisees.

The Franchise

We offer restaurant franchises serving lobster, seafood, and other food items under the Marks operated in a fast-casual environment (“Storefronts”). Storefronts are operated under a system that includes our valuable know-how, information, trade secrets, training methods, Operations Manual, standards, designs, trademark usages, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Storefronts, all of which may be changed, improved, and further developed from time to time (the “System”).

All of our lobster is the species *Homarus Americanus*, which is a North American lobster species that is commonly known as Maine lobster. Our lobster may be caught in American or Canadian waters, and is cooked

in American and/or Canadian processing plants. Our priority is in supporting our industry in Maine and the USA, but ~~occasionally~~ due to the seasonality of the product and supply and demand constraints, we occasionally look to Canada for sourcing.

You must operate your Storefront following our standard business operating practices and sign our standard franchise agreement (“Franchise Agreement”). Your Storefront must offer the products and services we authorize and require you to offer. We reserve the right to add, modify, or delete any services or products that you must offer or sell at your Storefront at any time upon written notice to you in our sole discretion. You must also obtain all necessary permits, licenses and approvals to operate your Storefront.

Market and Competition

The market for our services and products is highly competitive and is well-developed. You will have to compete with franchised operations, national chains and independently owned companies serving seafood in a fast-casual environment. You may also encounter competition from other Cousins Maine Lobster® Storefronts and Food Trucks. There may be some seasonality to your franchise, and you may experience lower traffic on holidays, depending on your location.

Industry-Specific Regulations

In addition to laws and regulations that apply to businesses generally, your Storefront will be subject to various federal, state and local government regulations, including those relating to site location and building construction, such as the Americans with Disabilities Act.

You must comply with all local, state and federal laws applicable to restaurants, including licensing, health, sanitation, menu labeling, smoking, safety, fire and other matters, food and safety regulations, and if you sell alcoholic beverages, laws applicable to alcohol-serving businesses. Some jurisdictions may require franchisees to obtain restaurant, business, occupational, food products, health, alcohol, and miscellaneous licenses. Various federal and state agencies, including the U.S. Food and Drug Administration and the U.S. Department of Agriculture, and state and local health agencies have regulations for the preparation of food and the condition of restaurant and commissary kitchen facilities, as well as regarding the production, storage, and sale of unpasteurized juice. The Clean Air Act and state implementing laws may also require certain geographic areas to attain and maintain certain air quality standards for ozone, carbon monoxide and particulate matters. As a result, businesses involved in commercial food preparation may be subject to caps on emissions. You should consult with a legal advisor about whether these and/or other requirements apply to your business.

Agents for Service of Process

Our agents for service of process are listed on Exhibit A to this Disclosure Document.

ITEM 2 **BUSINESS EXPERIENCE**

Jim Tselikis -- Owner

Jim is an Owner and Manager of us, CMLF, CML, and CSD and has been since January 2014, October 2017, November 2011, and September 2019, respectively.

Sabin Lomac — Owner

Sabin is an Owner and Manager of us, CMLF, CML, and CSD and has been since January 2014, October 2017, November 2011, and September 2019, respectively.

Barbara Corcoran — Owner

Barbara is an Owner and Manager of us, CMLF, and CML, and has been since January 2014, October 2017, and August 2012, respectively. Barbara is also an owner of CSD and has been since June 2023. Since 2008, Barbara has been the principal of Barbara Corcoran Inc, a New York corporation operating in New York, New York. She is a business consultant, real estate investor, author, public speaker, and TV personality on ABC's hit TV Show 'Shark Tank.'

Shaun Higgins - ~~Vice President of Franchise Operations~~

Shaun is our ~~Vice President of Franchise Operations~~, and holds the same position with CMLF since September 2023. Shaun joined us in August 2014 (and CMLF in October 2017). Between August 2014 (and October 2017 for CMLS) and September 2023, Shaun was Vice President of Franchise Operations.

Nick Loukes - Legal Counsel; Corporate and Franchise Manager

Nick is our Legal Counsel, Corporate and Franchise Manager, and holds the same position with CMLF. Nick joined us (and CMLF) in January 2021. From April 2019 to December 2020, Nick was an attorney with Lanman Rayne, PLLC in Portland, Maine. ~~From July 2014 to March 2019, Nick was an attorney with Monaghan Leahy, LLP in Portland, Maine.~~

Annie Tselikis — Director of Sales and Marketing

~~Annie is our Director of Sales and Marketing, and holds the same position with CMLF. Annie joined us (and CMLF) in May 2021. From June 2014 to May 2021, Annie was Executive Director for Maine Lobster Dealers' Association in South Portland, Maine. From January 2016 to February 2018, Annie was Marketing Manager for Maine Coast in York, Maine.~~

Angela Coppler - Head of Development

Angela is our Head of Development, leading Franchise Development, Franchise Recruiting, Real Estate and Strategic Development, and holds the same position with CMLF. Angela joined us (and CMLF) in May 2023. From April 2021 to March 2023, Angela Coppler was the Senior Director of Global Non-Traditional Development & Strategic Partnerships for The Wendy's Company in Dublin, Ohio. From July 2018 to April 2021, Angela was the Senior Director of Global Franchise Recruiting & Development for The Wendy's Company in Dublin, Ohio. ~~From November 2014 to July 2018, Angela was the Director of Franchise Development for The Wendy's Company in Dublin, Ohio.~~

Mike Carmody - Vice President of Operations

Mike is our Vice President of Operations and holds the same position with CMLF since August 2022. Between October 2017 and August 2022, Mike was our and CMLF's Director of Operations.

Lindsay Herberger - Director of Franchise Development

Lindsay is our Director of Franchise Development since April 2024 and holds the same position for CMLF. From January 2023 to April 2024 Lindsay was the Manager, Development & Franchise Recruiting for The Wendy's Company in Dublin, Ohio. From April 2021 to January 2023 she was the Sr. Specialist, Global Franchise Recruiting for The Wendy's Company in Dublin, Ohio. From March 2019 to April 2021 she was a Specialist, Global Franchise Recruiting for The Wendy's Company in Dublin, Ohio.

Jacob Conley - Specialist. Development

Jacob is our Specialist, Development since April 2024 and holds the same position for CMLF. From November 2021 to April 2024 Jacob was our Marketing and Customer Experience employee and held the same position with CMLS. From February 2020 to October 2021 Jacob was a Benefits Coordinator at Unum in Portland, Maine. From April 2018 to December 2019 Jacob was a Logistics Coordinator for Better Baseball in Marietta, Georgia.

Jameson Lyons - Vice President of Branding & Innovation

Jameson is our Vice President of Branding & Innovation, and holds the same position with CMLF since August 2022. Jameson joined us and ~~CMLF-CMLS~~ in April 2017. Jameson previously worked with Cousins Maine Lobster® businesses as ~~both an Executive Assistant from April 2017 to October 2017, and a Brand and Project Manager from October 2017 to August 2022.~~

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEMS

INITIAL FEES

Application Fee

You must pay us an application fee of \$1,000 for each individual who will hold any ownership interest in your franchise at the time you apply to become a franchisee, but only after at least 14 days have passed since you received this Franchise Disclosure Document. We will use the application fee to conduct a credit and criminal background check, in accordance with applicable law, and to evaluate you as a franchisee candidate. The application fee is not refundable under any circumstances.

Initial Franchise Fee

You must pay us an initial franchise fee of \$40,000 in a lump sum via wire transfer when you sign the Franchise Agreement. Your initial franchise fee is not refundable under any circumstances.

Initial Inventory Startup Package

You must purchase from our affiliate an initial order of food inventory for your Storefront in an amount ranging between \$30,000 and \$80,000, depending on the size and location of your franchise, time of the season, suppliers, and other related factors. Payment for this package is due within 18 days of ordering, unless specified otherwise in your invoice.

Deposit Account

You must pay us \$20,000 in a lump sum via wire transfer when you sign the Franchise Agreement for your Deposit Account. We will hold this amount and use it only if you do not pay us, or CML for inventory you order or for franchise fees you incur, and you will be required to replenish the funds in the account so that \$20,000 remains on deposit with us. If you elect not to obtain a successor franchise (renew) with us, we will at your option either refund this amount (without interest) to you at the expiration of your franchise, or apply it to your inventory purchases during the last three months of your franchise term. It is not refundable under any other circumstances.

Delayed Opening Fee

If you fail to open your Storefront within ten (10) months after we sign the Franchise Agreement, we have the right to either terminate your Franchise Agreement or charge you a delayed opening fee of \$ 10,000 per month for up to three months, which is payable in a lump sum. The delayed opening fee is not refundable under any circumstances.

In our ~~2022-2023~~ fiscal year, we charged initial franchise fees ranging from \$0 up to \$38,500. ~~We also waived the requirement for a deposit account~~40,000. We sometimes have discounted or waived ~~these~~ the initial franchise fee and deposit account requirements, or agreed to a refund of part of ~~these~~ initial franchise fees, for existing franchisees purchasing additional franchises from us (although we are not obligated to do so). Otherwise, these initial fees are uniform to all franchisees under this offering, and none of the fees are refundable under any circumstances.

ITEM 6 **OTHER FEES¹**

Type of Fee	Amount	Due Date	Remarks
Royalty	The greater of 6% of your Gross Sales or \$3,500 per month. (Note 2).	5 th th day of each month.	Based on your Gross Sales during the previous month.
Advertising Fund Contribution	2% of your Gross Sales.	5 th th day of each month.	Based on your Gross Sales during the previous month.
Regional Advertising Cooperative Contribution	An amount we designate, up to \$400 per month.	Payable on the day of the week, month (or other period) designated by us or the Cooperative.	Each member will vote on the Cooperative's actions at the rate of one Storefront, one vote. Neither we nor our affiliates have controlling voting rights in any Cooperative.
Deposit Account	Amount needed to restore account to \$20,000	Upon notice that we have applied funds to amounts you owe us or our Affiliates.	We have the right to apply the funds in the deposit account to past-due amounts you owe us or our Affiliates. If we do so, you must restore the balance to \$20,000.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Advertising Materials	Our costs of producing advertising and promotional materials.	Upon ordering or shipment of materials.	We may create certain advertising and promotional materials for use by Storefronts. We have the right to require you to reimburse us for our costs of creating them.
Late, Dishonored Payment, or Insufficient Funds Fee	\$50 for each day your payment is late.	As incurred.	Payable if you do not pay your bills on time, if any check, electronic payment or other payment you tender to us is not honored for any reason.
Default Fee	\$300	As incurred.	We will charge you this fee for any default you commit under the Franchise Agreement.
<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Interest	Daily equivalent of 1.5% per month simple interest of the delinquent amount or the highest rate permitted by law, whichever is less.	Payable when any payment is overdue.	Payable if you do not pay your bills on time. Interest begins from the date the payment was due.
Insurance	Our cost of premiums, plus an administrative fee equal to 20% of the cost of the premiums.	Upon demand.	Payable if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Additional Training and Conventions	Our then-current rates, presently \$500 per day plus travel expenses for additional onsite support; \$300 per attendee additional training, national conventions, and for new, or replacement manager to attend initial training.	Upon your registration for the training, or convention	For training and support beyond the initial training and national conventions, you must pay the current training fee. <u>If you are a renewing franchisee, we may require you to obtain additional training or retraining as part of your renewal.</u>
Transfer Fee	\$10,000, plus our expenses associated with the transfer.	No fewer than five (5) days before you complete your transfer.	Applicable if you choose to transfer your Franchise Agreement. Our consent is required for any transfer.
Successor Franchise (Renewal) Fee	\$10,000	Upon signing your successor franchise agreement.	Payable if you wish to obtain the right to continue operating as our franchisee after the end of your initial franchise term.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Reimbursement of Inspection Costs	Varies.	After we inspect your Storefront.	We will charge you for our costs, plus \$500 for re-inspection, if you fail a compliance inspection. Further, if you wish to obtain a renewal franchise, you must bring your Storefront up to our current standards, and reimburse our costs of inspecting your Storefront to confirm.
Relocation Fee	\$10,000	Upon requesting our approval of your proposed relocation of your Storefront.	You must obtain our written consent before you relocate your Storefront, and you may not relocate it outside of your Territory.
Interim Royalty	Our then-current Royalty, plus 2%	5 th day of each month.	We will charge this fee if your Franchise Agreement expires, you have not entered a successor agreement, and you continue operating the Storefront.
<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Management (Step-In) Fee	The direct expenses we incur on your behalf, plus our then-current, reasonable management fee (currently \$500/day).	As incurred.	Due when we (or a third party) manage your Storefront after your death or disability, or by exercising our step-in rights.
Audit Fees	Actual cost of audit fees, plus the underreported fees, late charges on those fees, and interest on the fees you did not pay at 1.5% per month.	As incurred.	Payable only if the audit shows an understatement greater than 2% of reported amounts.
Reinspection Fee	\$500 for each reinspection, plus our travel, living, and lodging expenses.	As incurred.	We have the right to charge this fee if you fail an inspection and we conduct a reinspection.
System Standards Violation	All costs of inspection and audit.	Upon demand	If you fail to adhere to the System standards, you must reimburse us for any and all costs and expenses associated with counsel, inspection, support, assistance, enforcement rendered to and against you regarding the System standards violation and/or non-compliance.

<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Costs, administrative expenses, and attorneys' fees	Will vary under circumstances (Note 3).	Upon settlement or conclusion of a claim or action; in resolution of our efforts to collect past-due fees from you; or when we take action against you in response to your default of the Franchise Agreement.	Due when you do not comply with the Franchise Agreement.
Trade Payable Reimbursement	Amount we pay on your behalf, plus interest at the lesser of 18% or the highest rate permitted by law.	Upon demand	If you fail to pay your suppliers, employees, or creditors when due, we have the right (but not the obligation) to pay the amount due on your behalf. You must then reimburse us.
Indemnification	Will vary under circumstances.	As incurred.	Payable to indemnify us, our affiliates and owners, officers, employees, agents, successors, and assigns against all claims related to your ownership and operation of your Storefront.
Sales/Use Taxes	Will vary under circumstances.	Payable with your Royalty Fee or Advertising Fund Contribution	You must pay any state or local sales or use tax that may be assessed on fees you pay us.
<u>Type of Fee</u>	<u>Amount</u>	<u>Due Date</u>	<u>Remarks</u>
Liquidated Damages	The greater of: (a) \$3,500; or (b) the combined monthly average of your Royalty Fees and Advertising Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us during the six (6) month period prior to the date of early termination; <u>multiplied by:</u> the lesser of: (i) 24 months, or (ii) the number of full months remaining in the Term.	Within fifteen (15) days of the early termination of your franchise.	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

multiplied by:
the lesser of: (i) 24 months; or (ii) the number

of full
months
remaining
in the
Term.

1. All fees paid to us are uniform and ~~non-refundable~~ non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. The fees listed in this Item 6 are not uniformly imposed by us as to all franchisees. All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due.²

~~2. Gross Sales'~~ means All consideration, whether by cash, credit, in kind, checks, gift certificates, scrip, coupons, services, property or other means of exchange, or otherwise, derived directly or indirectly from the operation of your Storefront, including the credit value given for all merchandise trades, the full retail value of any item sold at your Storefront (regardless of any discounts or giveaways), the full retail value of any gift certificate or coupon sold for use at your Storefront (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales), and insurance proceeds and/or condemnation awards for loss of sales, profits or business.. Gross Sales does not include:

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by you to the appropriate governmental authority; or
- (ii) tips from customers given to your employees.

Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by you.

If you do not timely report your Gross Sales to us, we will have the right, at our option, to debit your account in an amount equal to either: (a) one hundred and twenty percent (120%) of the fees transferred from your account for the last period for which you provided a report of your Gross Sales to us; or (b) the amount due based on information retrieved from the POS System.³

3. If we prevail in any action against you to secure or protect our rights under the Franchise Agreement, or to enforce the terms of the Franchise Agreement, we will be entitled to recover from you reasonable attorneys' fees and court costs. If we become a party to any action or proceeding concerning the Franchise Agreement, or any agreement between us and you, or your Storefront, as a result of any claimed or actual act, error or omission of you or your Storefront, then you will be liable for our reasonable attorneys' fees and third-party costs incurred by us in the action or proceeding. If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to: (a) pay us amounts when they are due; (b) submit when due any reports, information, or supporting records; or (c) otherwise comply with the Franchise Agreement, you must reimburse us for all of our costs and expenses of enforcement and collection, including our reasonable: (i) legal fees; (ii) investigation fees; (iii) travel expenses of our employees or agents; and (iv) hourly charges of our employees or agents.

ITEM?

YOUR ESTIMATED INITIAL INVESTMENT (UNIT FRANCHISE)

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$40,000	Lump Sum via Wire Transfer	Upon signing of the Franchise Agreement	Us
Application Fee	\$1,000 to \$5,000	Lump Sum via Wire Transfer	When you apply for a franchise	Us
Deposit Account	\$20,000	Lump Sum via Wire Transfer	Upon signing of the Franchise Agreement	Us
Leasehold Improvements ¹	\$90,000 to \$350,000	As incurred	Before Operations Beginning	Lessor
Rent and Security Deposit ²	\$3,000 to \$36,000	As incurred	Before Operations Beginning	Lessor
Utility Deposits	\$0 to \$5,000	As Arranged	Before Operations Beginning	Utilities
Furniture, Fixtures & Equipment	\$5,000 to \$150,000	As incurred	Before Operations Beginning	Suppliers
Initial Inventory (Startup Package)	\$30,000 to \$80,000	As incurred	Before Operations Beginning	Our Affiliate and/or Suppliers
Signage	\$4,750 to \$27,500	As Arranged	Before Operations Beginning	Suppliers
Insurance	\$1,000 to \$5,000	As incurred	Before Operations Beginning	Insurance Companies
Office Equipment & Supplies	\$250 to \$5,000	As incurred	Before Operations Beginning	Suppliers
Computer Equipment (Hardware, Software, POS System, etc.)	\$7,950 to \$23,400	As incurred	Before Operations Beginning	Suppliers
Travel and Living Expenses for Training	\$3,000 to \$6,000	As incurred	Before Operations Beginning	Airlines, Hotels, other Suppliers
Licenses & Permits	\$2,000 to \$15,000	As incurred	Before Operations Beginning	Licensing Authorities
Legal & Accounting	\$3,500 to \$12,500	As incurred	Before Operations Beginning	Attorney, Accountant
General Contractor	\$750 to \$40,000	As incurred	Before Operations Beginning	General Contractor
Grand Opening Advertising	\$1,000 to \$2,500	As incurred	Before opening and during the first 3 months of operation	Vendors

ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee	\$40,000	Lump Sum via Wire Transfer	Upon signing of the Franchise Agreement	Us
Application Fee	\$1,000 to \$7,000	Lump Sum via Wire Transfer	When you apply for a franchise	Us
Deposit Account	\$20,000	Lump Sum via Wire Transfer	Upon signing of the Franchise Agreement	Us
Leasehold Improvements	\$90,000 to \$400,000	As incurred	Before Beginning Operations	Lessor
Rent and Security Deposit	\$3,000 to \$36,000	As incurred	Before Beginning Operations	Lessor

YOUR ESTIMATED INITIAL INVESTMENT (UNIT FRANCHISE)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
Utility Deposits	\$0 to	\$5,000	As Arranged	Before Beginning Operations	Utilities
Furniture, Fixtures & Equipment ^{1 1 2}	\$5,000 to	\$150,000	As incurred	Before Beginning Operations	Suppliers
Initial Inventory (Startup Package)	\$30,000 to	\$80,000	As incurred	Before Beginning Operations	Our Affiliate and/or Suppliers
Signage	\$4,750 to	\$40,000	As Arranged	Before Beginning Operations	Suppliers
Insurance	\$1,000 to	\$5,000	As incurred	Before Beginning Operations	Insurance Companies
Office Equipment & Supplies	\$250 to	\$5,000	As incurred	Before Beginning Operations	Suppliers
Computer Equipment (Hardware, Software, POS System, etc.)	\$7,950 to	\$23,400	As incurred	Before Beginning Operations	Suppliers
Travel and Living Expenses for Training ³	\$5,000 to	\$10,000	As incurred	Before Beginning Operations	Airlines, Hotels, other Suppliers
Licenses & Permits	\$2,000 to	\$15,000	As incurred	Before Beginning Operations	Licensing Authorities
Legal & Accounting	\$5,000 to	\$15,000	As incurred	Before Beginning Operations	Attorney, Accountant
General Contractor	\$750 to	\$40,000	As incurred	Before Beginning Operations	General Contractor
Grand Opening Advertising	\$1,000 to	\$2,500	As incurred	Before opening and during the first 3 months of operation	Vendors
Additional Funds - three months ⁵ months ⁴	\$50,000 to \$75,000	\$75,000	As incurred	As Necessary	Us, Vendors, Lessor, Etc.
TOTAL ⁶ TOTAL ⁵	\$263,200 to \$897,900	\$266,700 to \$968,900			

(Please see Notes below, which are an integral part of this Item)

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Storefront. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing from third parties depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and the lending policies of financial institutions from which you request a loan.

square feet, but may be in a larger or smaller space depending on site requirements. These amounts include the expected expenses for building out your Storefront. These amounts are our best estimate of the range of costs of leasehold improvements, and will likely vary substantially based on local conditions, including the availability and prices of labor and materials (estimate is based upon non-union labor); the site's

5 Figures May Vary. This Estimated Initial Investment Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Storefront. These expenses include payroll costs, but assume that you will not draw a salary. Additional funds for the operation of your Storefront will be required after the first three months of operation if sales produced by your Storefront are not sufficient to produce positive cash flow. You should also review the

All fees paid to us are ~~non-refundable~~ non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on the vendors and suppliers. The fees listed in this Item 7 are not uniformly imposed by us as to all franchisees. All fees or money that you owe to us or our affiliates must be paid by electronic transfer no later than on the date they are due. In compiling this chart, we relied on our experience as a franchisor (since 2017) of Cousins Maine Lobster® Storefronts that are similar to the franchise being offered to you.

~~1. Leasehold Improvements.~~ The site for your Storefront will typically be between 1,200 and 1,600 square feet, but may be in a larger or smaller space depending on site requirements. These amounts include the expected expenses for building out your Storefront. These amounts are our best estimate of the range of costs of leasehold improvements, and will likely vary substantially based on local conditions, including the availability and prices of labor and materials (estimate is based upon non-union labor); the site's condition, configuration, location, and size; the demand for the site among prospective lessees; the site's previous use; county or city building application and inspection fees; county, city, or state codes; the cost to access existing plumbing; and any construction or other allowances the landlord grants. They do not include capitalized costs of rent or other occupancy costs, over either the life of the lease or the life of your investment. These estimates assume that the landlord will provide a "vanilla ~~shelf-shell~~" space that, at a minimum, includes concrete floors, demised exterior walls, HVAC, roof, and utilities stubbed to the premises sufficient for a Storefront. The lower figure assumes that you remodel an existing restaurant space. These amounts do not reflect costs for the construction of a free-standing Storefront, which also would result in a significantly greater initial investment.

You must use our designated supplier, ~~(currently F.C. Dadson,)~~ for construction management services (for a fee of \$31,900) and for front of house decor and finishes for a cost ranging between \$35,000 and \$65,000 based on the needs of your site. If you do not begin operating your Storefront within 10 months of signing the Franchise Agreement, we will have the right to charge you a Delayed Opening Fee of \$10,000 per month for up to three (3) months. The amounts above do not include any charges for the Delayed Opening Fee.

2. Re^{nt}. These costs could be substantially higher in certain markets, depending on the square footage of the space; the city or town in which it is located; condition of the space; population density; and the types of common area or other charges that will be allocated to you. You should carefully investigate all of these costs in the area where you wish to establish your Storefront. In some cases, your Storefront may not have sufficient freezer space. In such case, you will have to rent an offsite freezer which will range from \$240 to \$1,000 per month.*

3. Furnishings and Equipment. You must purchase and/or lease and install furniture, fixtures and equipment and decor necessary to operate your Storefront from us, our affiliate, or an approved supplier. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors.

4. Training Expenses. We require you and your Designated Manager to participate in our initial training program described further in Item 11. This estimate may vary depending on the number of attendees you wish to bring, mode of transportation distance of transportation, selection of lodging and dining options.

5. Additional Funds. Additional funds is an estimate of the funds needed to cover pre- and postopening expenses including sales taxes, recruitment, on-site training expenses, payroll processing, janitorial services as well as additional operating capital for other variable costs (e.g., electricity, telephone, Internet service, Internet setup, etc.), paper, office supplies, cleaning, cellular telephones, and other supplies. Additional funds are also an estimate of the monies you will need on hand during the initial phase of Business operations. This estimate also includes the estimated cost of salaries for your employees, but does not include an estimated salary for you. You must maintain a minimum average daily balance in your Storefront's operating bank account of \$50,000, which amount is included in this line item.

In compiling this chart, we relied on our and our affiliate's experience as developers and operators (since 2011) of Cousins Maine Lobster® Storefronts that are like the franchise being offered to you. Our estimates are based on our and our affiliate's experience in building, developing, and operating those Storefronts. 6 figures listed in this Item 7 carefully with a business advisor before making any decision to purchase a

1 Furnishings and Equipment. You must purchase and/or lease and install furniture, fixtures and

Storefront.

~~6. Figures May Vary. This Estimated Initial Investment Item 7 includes our estimates of your initial startup expenses and funds for additional inventory and additional funds for the operation of your Storefront. These expenses include payroll costs, but assume that you will not draw a salary. Additional funds for the operation of your Storefront will be required after the first three months of operation if sales produced by your Storefront are not sufficient to produce positive cash flow. You should also review the figures listed in this Item 7 carefully with a business advisor before making any decision to purchase a Storefront.~~

ITEMS

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help ensure a uniform image and uniform quality of products and services throughout the Cousins Maine Lobster® System, you must maintain and comply with our quality standards. We publish our standards, specifications, policies, and procedures in our confidential operations manuals, our training videos, and other documents (collectively, the “Operations Manual”) that we will loan to you.

Approved and Designated Suppliers

We will provide you with a list of approved manufacturers, suppliers and distributors and approved equipment, signs, stationery, supplies and other items or services necessary to operate your Storefront (“Approved Supplier List”). From time to time we, our affiliate or a third party vendor or supplier, may be the only approved supplier for certain products. The Approved Supplier List also may include other specific products without reference to a particular manufacturer, or they may designate the specifications and/or standards for other approved products. We may revise the Approved Supplier List. We give you the approved lists as we deem advisable.

Except for instances where we designate a single source supplier, if you wish to purchase any products or services for which we have established approved suppliers from an unapproved supplier, you may request our consent in writing and we will be required to consider your request. The procedure for submitting a request will be outlined in the Operations Manual. We will require you to reimburse us for our reasonable costs incurred with respect to evaluating a supplier or product for which you request our approval. We will have up to 30 days to conduct our evaluation before we render a decision. If we request, you must submit samples and other information as we require for testing or to otherwise determine whether the product, material or supply, or the proposed supplier meets our specifications and quality and safety standards. We may re-inspect the facilities and products of any supplier or item and revoke our approval of any supplier or item that fails to continue to meet any of our criteria. We will send written notice of any revocation of an approved supplier or item.

We apply the following general criteria in approving a proposed supplier: (1) quality of the products or items; (2) ability to make product in conformity with our specifications; (3) reputation and integrity of supplier; (4) financial condition and insurance coverage of the supplier; (5) payment terms; (6) delivery schedule; (7) conformity with local and national health laws; and (8) pricing. We do not make our specific criteria for selecting approved suppliers available to our franchisees, nor do we make our specifications known to suppliers.

Required Purchases or Leases

A list of the materials that you can, or will be required to, purchase from suppliers approved by us, and the names of those approved suppliers, will be listed in our Operations Manual. We or our affiliates are the only

approved suppliers of lobster and seafood inventory that you must buy for and use in your Storefront. Other than those items, neither we nor our affiliates are approved suppliers for products or services, but we reserve the right to become approved suppliers, or the only approved suppliers, of them in the future.

Real Estate and Site Selection

You must purchase or lease real estate for your Storefront according to the criteria that we will make available to you in the Operations Manual. We will pay for the services of a company to help you evaluate a site for your Storefront, however, you are required to obtain a local general contractor to conduct an initial site inspection or site plan review and, if you lease the location, you must obtain local legal counsel to review and negotiate your lease agreement, in each case prior to obtaining our final approval. Additionally, if you lease the location, you and the landlord must execute the standard form of lease addendum (attached to the Franchise Agreement as Addendum 5). You must construct and equip your Storefront according to our approved design, specifications and standards. We are not presently an approved supplier of the real estate or site selection services for your Storefront.

Construction Management Services and Decor

You must use our designated supplier, (currently F.C. Dadson), for construction management of your site, which includes pre-lease/LOI Consultation, architectural plans, General Contractor selection, and project management, and the supplier for front-of-house decor items and finishes for a cost ranging between \$35,000 and \$65,000 based on the needs of your site. We are not an approved supplier of these services or items.

Inventory

You must purchase all your lobster, seafood, bread, whoopie pies, soups, and other food items from our affiliate (currently CSD), which is the only approved supplier of these items. You must purchase beverages and various other food inventory products from suppliers and vendors that we designate or approve. We and our affiliates are not approved suppliers of beverages.

As a natural (and live) product, there are several factors that can affect the amount of usable meat that is in any processed batch of lobster, including the season in which the lobster is harvested; the manner in which the product is handled on your end; the company that processes the lobster; and the water weight content of the processed lobster. Due to these and other factors, we cannot control the amount of usable lobster meat yielded per pound of lobster that you order.

Equipment and Supplies

You must purchase or lease your Storefront, and outfit it with the equipment, decals, fixtures, furniture, signage, cameras, and supplies that we require, according to the criteria that we will make available to you. All of the equipment, supplies, fixtures, and signage you purchase for your Storefront must be approved by us and comply with our System standards and specifications. We and our affiliates are not the only approved suppliers of these items.

Advertising and Promotional Materials

You are required to submit to us and obtain our prior approval for all advertising and promotional plans and materials, and all other materials displaying the Marks. We are not suppliers of advertising and promotional materials.

Merchant Services

You must obtain a merchant services account from an approved supplier for credit card processing. Neither we, nor any of our affiliates, are approved suppliers of these items.

POS System, Software, and Technology Equipment

We require you to purchase your POS System, Digital Signage System, Networking System, Mobile App Equipment, related software, phone system, and other technology products from our designated suppliers. Upgrades to these items may be required periodically. We and our affiliates are not suppliers of these items.

Employee Uniforms

You must purchase your employee uniforms from our approved supplier(s). We and our affiliates are not suppliers of uniforms.

Insurance

You must obtain and carry, at your expense, insurance policies that we periodically require protecting you and us. All insurance policies must name us as an additional insured party with waiver of subrogation. All policies must be underwritten by companies having an A.M. Best rating of A- or higher. We and our affiliates are not approved suppliers of the required insurance policies.

The insurance policies must include, at a minimum: (1) comprehensive commercial general liability insurance for the franchised business with an umbrella of at least \$1,000,000 per occurrence, or higher if your state law requires; (2) “all risk” coverage for the Storefront and its assets; (3) business interruption insurance providing for at least six months coverage of profits and necessary operating expenses; (4) automobile liability insurance of at least \$1,000,000, or higher if your state law requires; (5) excess or umbrella liability insurance with limits of not less than \$2,000,000 per occurrence, \$2,000,000 aggregate, and \$2,000,000 products and completed operations coverage; (6) worker’s compensation in amounts as required by law; (7) employer’s liability insurance; (8) unemployment insurance; (9) state disability insurance; and (10) other insurance to meet any applicable legal requirements, or as required by your landlord. We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Operations Manual. Your insurance policies must be primary and non-contributory with respect to general liability, auto liability and excess liability and provide endorsements.

Proportion of Required Purchases and Leases to All Purchases and Leases

We estimate that the purchase or lease of goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Storefront, from us or our designated or approved suppliers and distributors, or those meeting our standards and specifications, will be between 45% and 85% of your total cost to establish a Storefront and between 25% and 50% of your total cost of operating a Storefront (not including amortization, depreciation, or replacement of worn or obsolete improvements, equipment, furniture, or fixtures).

Purchasing Cooperatives. Purchasing Arrangements. Rebates. Payments, and Derived Revenue

We do not have purchasing and distribution co-operatives as of the issuance date of this ~~Franchise~~ Lranshise Disclosure Document; however, we ~~may do~~ negotiate alternative purchase arrangements with suppliers and distributors of approved products for the benefit of our franchisees and we reserve the right to receive rebates on volume discounts from our purchase of products that we may re-sell to you. We ~~expect that we will~~ negotiate prices in the future for various products for the benefit of the System, but not on behalf of or for the specific benefit of individual franchisees.

We and our affiliates may derive revenue or other material consideration from required purchases or leases by franchisees from approved suppliers. We and our affiliates may charge a reasonable markup on all items that you are required to purchase from us or our affiliates. There are no caps or limitations on the maximum amount of payments we may receive from our suppliers as the result of franchisee purchases. Our designated suppliers make payments to us or CMLF from franchisee purchases ranging from 0.25% to 7% on food and foodservice related items and between 0.7% and 30.15% on apparel. We do not provide to franchisees details or information regarding our arrangements with approved suppliers.

During the fiscal year ended December 31, ~~2022~~2023, our affiliate, CSD, derived ~~\$23,951,328.13~~23,615,993.13, or ~~92~~91.5% of its total revenues, which totaled ~~\$26,115,649.26~~25,801,839.70 from the sale of products and services to our and CMLF's franchisees, collectively.

During the fiscal year ended December 31, ~~2022~~2023, CMLF derived ~~derived~~ \$10,093,256,930.47, or ~~+~~21.3% of ~~its~~our total revenues of ~~\$4,579,869~~5,302,370, from the sale of products and services to CMLF's and our franchisees.

Our owners, Jim Tselikis, Sabin Lomac, and Barbara Corcoran, have equity interest in us (the franchisor) and our affiliates (including CML, CMLF, and CSD), and we and our affiliates are approved suppliers. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers.

{This Area Intentionally Left Blank}

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	Item In FDD
a	Site Selection & Acquisition/Lease	Sections 3.1 - 3.6, and Addenda 1, 4, and 5 of the Franchise Agreement	Items 7, 8, 11, and 12
b	Pre-Opening Purchase/Leases	Sections 3.2 - 3.6, 9.2 - 9.5, 8.2, 11.1, 14.2 of the Franchise Agreement	Items 5, 7, 8, and 11
c	Site Development & Other Pre-Opening Requirements	Sections 3.2 - 3.7 of the Franchise Agreement	Items 7, 8, and 11
d	Initial & Ongoing Training	Sections 10.1 - 10.6 of the Franchise Agreement	Items 6, 7, and 11
e	Opening	Section 3.7 of the Franchise Agreement	Item 11
f	Fees	Article 6, Section 18.7 of the Franchise Agreement	Items 5, 6, and 7
g	Compliance With Standards And Policies/Operating Operations Manual	Articles 7, 8, and 9 of the Franchise Agreement	Items 8 and 11
h	Trademarks & Proprietary Information	Articles 7 & 9 of the Franchise Agreement	Items 11, 13, 14, and 16
i	Restrictions On Products/Services Offered	Sections 9.2, 9.3, 9.4, 9.5, 9.10, 9.13, 9.14, 9.15, 9.16, 9.18, & 9.20 of the Franchise Agreement	Items 8, 11, 12, and 16

	<u>Obligation</u>	<u>Section In Agreement</u>	<u>Item In FDD</u>
j	Warranty & Customer Service Requirements	Sections 9.11 and 9.12 of the Franchise Agreement	Item 11
k	Territorial Development & Sales Quotas	Sections 2.1 and 9.23 of the Franchise Agreement	Item 12.
l	Ongoing Product/Service Purchases	Sections 9.2, 9.3, 9.4, 9.5, 9.7, 9.10, 9.12, 9.13 & 9.20 of the Franchise Agreement	Items 6 and 8
m	Maintenance, Appearance And Remodeling Requirements	Sections 9.7 & 9.10 of the Franchise Agreement	Items 8, 11, 16, and 17
n	Insurance	Section 14.3 of the Franchise Agreement	Items 7 and 8
o	Advertising	Article 8 of the Franchise Agreement	Items 6, 7, 8, and 11
p	Indemnification	Section 14.1 of the Franchise Agreement	Item 6
q	Owner's Participation, Management, Staffing	Section 9.1 of the Franchise Agreement	Items 11 and 15
r	Records and Reports	Sections 6.5, 6.7, 6.8, Article 11, and Article 12 of the Franchise Agreement	Item 11
s	Inspections And Audits	Article 12 of the Franchise Agreement	Items 6 and 11

Obligation Section In Item In FDD Agreement

t	Transfer	Article 15 of the Franchise Agreement	Item 17
u	Renewal	Section 5.2 of the Franchise Agreement	Item 17
v	Post-Termination Obligations	Articles 16 & 18 of the Franchise Agreement	Item 17
w	Non-Competition Covenants	Article 16 of the Franchise Agreement	Items 15 and 17; Exhibit H
x	Dispute Resolution	Article 19 of the Franchise Agreement.	Item 17
y	Liquidated Damages	Section 18.7 of the Franchise Agreement	Item 6
z	Guaranty	Section 4 of Addendum 2 to the Franchise Agreement	Item 15

ITEM 10

FINANCING

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

[This Area is Intentionally Left Blank]

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, CML Storefront, LLC is not required to provide you with any assistance.

Pre-Opening Assistance. Prior to the opening of your Storefront, we will provide the following initial services:

~~1.~~ ~~2.~~We do not select the site for your Storefront, but we will not unreasonably withhold our acceptance of a site that meets our requirements. We must approve or disapprove your site within a reasonable time after we receive from you notice of the site's location. We describe the site selection process later in this Item. (Franchise Agreement, Article 3)

~~2.~~ ~~3.~~If you lease the location for your Storefront, we will review your proposed lease and approve or reject it based on its adherence to our requirements. We will complete our review of your lease as soon as practicable, but in no event longer than fifteen (15) days after we receive it from you. (Franchise Agreement, Article 3)

~~3.~~ ~~4.~~Designate the Territory for your Storefront. (Franchise Agreement, Article 3)

~~4.~~ ~~5.~~Communicate with you and the approved suppliers for the initial design and fit-out of your Storefront, regarding our standards and specifications for the design, layout, appearance and equipment in your Storefront, as well as our approval or disapproval of the plans and specifications for your Storefront. (Franchise Agreement, Article 3)

~~5.~~ ~~6.~~We will provide training to you (and/or your managing owner) on the System, System guidelines, and operational and brand standards (the "Initial Training Program"). We will not train or assist in training your employees or independent contractors. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of your Storefront. We describe the Initial Training Program later in this Item. (Franchise Agreement, Article 10)

~~6.~~ ~~7.~~Loan to you, or provide you with electronic access to, one copy of the Operations Manual. We describe the Operations Manual later in this Item. (Franchise Agreement, Article 9)

~~7.~~ ~~8.~~Provide to you advertising, marketing, and promotional materials and support and assist you with your grand opening advertising campaign, which we describe later in this Item. We have the right to exclusively control all social media accounts that you use in connection with your Storefront, but we may permit you to control such accounts while you are in compliance with, and during the term of, your Franchise Agreement. (Franchise Agreement, Article 10) ⁶

~~9.~~ ~~Sell to you an initial order of supplies and inventory for your Storefront. We do not provide~~

6 Sell to you an initial order of supplies and inventory for your Storefront. We do not provide specifications for these items, but we will deliver them to you. (Franchise Agreement, Article 10)

Site Selection

We do not select the location of your Storefront. We do not own the premises or lease it to you. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. However, we will pay for a third party supplier to provide you with guidance regarding our standards for selecting a site, and you are required to obtain our approval for any site you choose.

specifications for these items, but we will deliver them to you. (Franchise Agreement, Article 10)

Site Selection

~~We do not select the location of your Storefront. We do not own the premises or lease it to you. Finding a suitable location that conforms to local ordinances, building codes, and our guidelines is your responsibility. However, we will pay for a third party supplier to provide you with guidance regarding our standards for selecting a site, and you are required to obtain our approval for any site you choose.~~

You select the site of your Storefront within the Territory provided in the Franchise Agreement, working with our approved supplier (currently Real Estate Consultant Group). A typical site will be between 1,200 and 1,600 square feet (but could be larger or smaller, depending on site requirements) and be in a standalone building, space within an existing shopping center, or food court, preferably with a patio and street- side entry. We will either accept or reject the site in our sole discretion. If we accept a location submitted by you, we will enter it on Addendum 1 of your Franchise Agreement. Acceptance by us of a location is conditioned upon our determination, in our judgment, that the site that you have submitted for your Storefront is within your Territory and is a suitable site based upon criteria we establish from time to time. You must obtain our approval of a site no later than 4 months after you sign the Franchise Agreement. You must have a fully-executed lease for a location that we have approved no later than six (6) months after you sign the Franchise Agreement.

We must determine that your proposed location meets or exceeds our standards, but our acceptance does not ensure that your Storefront will be profitable at the approved location. We will either accept or reject the site in our sole discretion. We evaluate each proposed site and accept or do not accept each one on a case-by-case basis. The factors that we consider to approve your site(s) include (but are not limited to) general location and neighborhood, demographics and population density; educational background of neighboring daytime and nighttime populations; estimates regarding future population growth; daytime population versus nighttime population; visibility; traffic patterns, access, and parking; size; physical characteristics of any existing buildings; median, mean, and per capita household income; lease terms; local competition; and proximity to businesses as well as density of business population.

We will approve or disapprove your proposed site within 30 days after you present the information described above to us. If you and we disagree about the proposed location, you must locate another acceptable site for your Storefront and repeat the process. If: (a) you and we cannot reasonably agree on a site within three (3) months of the Effective Date; (b) you fail to sign a lease for a location we have approved within six (6) months of the Effective Date; or (c) you fail to open and begin operating your Storefront within ten (10) months of the Effective Date, we have the right to terminate the Franchise Agreement. If we terminate the Franchise Agreement for one of these reasons, we will not refund any portion of the initial franchise fee you paid us. (Franchise Agreement, Article 3).

Time to Open.

We estimate that there will be an interval of time of three and eight months between the execution of the Franchise Agreement and the opening of your Storefront. The factors that may affect this length of time include obtaining a site; remodeling and decorating the Storefront; obtaining our approval of revisions to design plans that vary from our standard plans; time for obtaining permits; zoning and local ordinances; weather conditions; materials shortages; hiring as needed; obtaining financing arrangements; and delayed installation of equipment, fixtures, and signs.

We do not directly provide you equipment, signs, fixtures, or opening inventory or supplies, but will provide

you with the names of our approved suppliers for those items as well as our written specifications for them. You are responsible for having all equipment, signs, fixtures, and inventory delivered to your Storefront. You must open your Storefront within ten (10) months after signing the Franchise Agreement. If you do not open your Storefront within that time we will have the right to terminate the Franchise Agreement unless you have paid us the delayed opening fee of \$10,000 per month (in which case, your opening deadline will be extended by up to three (3) months). If we exercise that right, we will not refund any portion of the initial franchise fee. (Franchise Agreement, Article 3)

Post-Opening Obligations. During the operation of your Storefront, we will:

1. Make a representative reasonably available to provide you with individual assistance, by phone or through electronic means, during normal business hours. (Franchise Agreement, Article 10)
2. Provide you with specifications and standards, and provide general guidance through meetings, printed materials, and/or other media. (Franchise Agreement, Article 10)
3. During the time that immediately precedes and follows the opening of your Storefront, we will provide on-site assistance to you with your initial operations. If you ask for (and we agree to provide) additional training, we will provide it to you for \$500 per day, plus our travel expenses. (Franchise Agreement, Article 10)
4. At your request (or if we require it in the case that you are performing below our System standards), provide you with additional training. We have the right to charge you our then-current fee as published in the Operations Manual (currently, \$500 per day). Also, you must reimburse us our reasonable travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. If the training occurs at a place other than your Storefront, you must pay for your (and your employees' travel, lodging, meals, and other expenses. (Franchise Agreement, Article 10)
5. At your request, we will provide to you advertising and promotional materials that we have pre-approved for you to use in marketing your Storefront. You must pay us our costs for these items. (Franchise Agreement, Article 8).
6. Our affiliate will sell you lobster, seafood, soups, bread, proprietary packaging and paper goods, and other inventory items for your Storefront. (Franchise Agreement, Article 9).

Post-Opening Optional Assistance. During the operation of your Storefront, we may:

7. Conduct annual or other periodic conferences and/or meetings for all franchisees, managers, and other personnel. We have the right to require you and your Designated Manager to attend these conferences. We will charge you a fee for each person who attends the conference or meeting on your behalf (currently, \$300 per person). (Franchise Agreement, Article 10)
8. Advise you of operating problems found at your Storefront by disclosing them through reports submitted to or inspections made by us. We may furnish to you such guidance and assistance in connection with the operation of your Storefront as we deem appropriate. (Franchise Agreement, Article 10)
9. Institute, maintain and administer a central advertising account (the "Advertising Fund") for such advertising or public relations programs, as we, in our sole discretion, may deem appropriate to promote Storefronts locally, regionally, or nationally. We describe the Advertising Fund later in this Item. (Franchise Agreement, Article 8)
10. Coordinate the presence of the System on the Internet, including but not limited to e-commerce,

website use, social media and networking sites, and cyberspace applications. This includes all national, regional, state, and local websites regarding Storefronts and our franchisees. We will have sole discretion and control over the design and contents of any website. For so long as you are not in default of the Franchise Agreement, we will list your Storefront location on our Internet website. We reserve the right to de-list or remove your Storefront from the website if you are not in compliance with the terms of the Franchise Agreement. We also have the right to control all use of social media and social networking sites by you that mentions or uses the Marks. (Franchise Agreement, Article 7)

11. Periodically make changes to the products that we authorize and require you to sell at your Storefront. (Franchise Agreement, Article 9)

12. Create a gift card, app, or other customer loyalty program. (Franchise Agreement, Article 9).

13. In our discretion, negotiate purchase agreements with approved suppliers to obtain discounted prices. (Franchise Agreement, Article 10)

14. If you do not resolve a dispute with a client, we may investigate the matter and resolve the dispute. (Franchise Agreement, Article 9)

15. We may provide you with minimum and maximum prices for the products and services you sell. You are required to follow all such pricing rules or guidelines, subject to Legal Requirements. (Franchise Agreement, Article 8).

There is no specified date or period for us to complete our obligations stated above. Other than those mentioned above, we do not provide other supervision, guidance, or services during the operation of your Storefront.

Advertising

Grand Opening Advertising

In connection with your grand opening, you must spend a minimum of between \$1,000 and \$2,500 on local advertising and promotion, which fee will be separate from and in addition to the other marketing fees and requirements described in this Item 11. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising. (Franchise Agreement, Section 8.2)

Local Advertising

We require you to spend four hundred dollars (\$400) per month on your local advertising and marketing efforts. All your advertising, promotion, and marketing must be completely clear, factual, and not misleading, and must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency, for review, samples of all advertising, promotional, and marketing materials that we have not prepared or previously approved. If you do not receive written disapproval from us within fifteen (15) days after we receive the materials from you, you must resubmit them to us. If you do not receive a written response from us within seven (7) days of the day you resubmit them to us, they are deemed to be approved. ~~You~~ You may not use any advertising, promotional, or marketing materials that we have not approved or that we have disapproved (Franchise Agreement, Article 8.2).

Advertising Fund

We and CMLF have a shared fund for marketing the System, the Marks, and Food Trucks (the “Advertising

franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Storefronts owned by us will contribute to the Advertising Fund on the same basis as franchisees.

The Advertising Fund will be administered by us, our affiliate, or designees, at our discretion. We may use a professional advertising agency or media buyer to assist us. The Advertising Fund may be commingled with our operating account and may not be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Advertising Fund will be utilized, except that we must use the money in the Advertising Fund for marketing and advertising the Marks and System. We may use any media for disseminating Advertising Fund advertisements, including direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives or our affiliates from the Advertising Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other direct or indirect expenses associated with the programs funded by the Advertising Fund. We do not guarantee that advertising expenditures from the Advertising Fund will benefit you or any other franchisee directly or on a pro rata basis, and there is no requirement that any expenditures must be spent within your territory or the territory of any specific franchisee. We will not use the Advertising Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating “Franchises Available” or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Advertising Fund or to maintain, direct or administer the Advertising Fund. Any unused funds that were collected in any calendar year will (in our sole discretion) either be refunded or applied to the following year’s funds, and we reserve the right to contribute or loan additional funds to the Advertising Fund on any terms we deem reasonable. We are not required to spend any amount on advertising in the area of your Storefront or your Territory.

The Advertising Fund is not audited. Upon your written request (which must be at least 90 days after the end of the previous fiscal year) we will provide to you an annual accounting for the Advertising Fund that shows how the Advertising Fund proceeds were spent during the previous year. (Franchise Agreement, Sections 8.3 - 8.5).

We and CMLF collected a combined total of ~~\$628,859.36~~ 621,357.22 in Advertising Fees during our fiscal year ended December 31, ~~2022~~2023. We had ~~Our and CMLF’s expenditures~~ (itemized below) ~~totaling combined total~~ \$600,451.34 621,042.98 during our fiscal year ended December 31, ~~2022~~2023.

<u>Administrative Amazon Web</u>	<u>\$2,739.00</u>
<u>Services Apparel Giveaways</u>	<u>\$2,880.65</u>
<u>Employee Wages Google</u>	<u>\$1,474.91</u>
<u>Advertising/Email</u>	<u>\$197,280.39</u>
<u>Membership Fees Mobile</u>	<u>\$23,797.37</u>
<u>App & Loyalty Plan</u>	<u>\$5,250.00</u>
<u>Photography Public Relations</u>	<u>\$500.00</u>
<u>Rebates/Incentives Shared</u>	<u>\$32,780.53</u>
<u>Insight Social Media &</u>	<u>\$82,055.15</u>
<u>Marketing</u>	<u>\$40,872.42</u>
	<u>\$27,211.50</u>
	<u>\$88,254.84</u>

	<u>Social Media Giveaways/Contests</u>	<u>\$8,542.20</u>
<u>Summary of Advertising Fee Contributions and Expenses for Fiscal Year 2022:</u>		
Administrative	\$ 1,212.70	
	<u>Travel & Lodging</u>	<u>\$12,573.02</u>
Photography	\$ 42,545.65	
	<u>Video Production</u>	<u>\$12,388.73</u>
	<u>Website Upgrades/Updates</u>	<u>\$99,286.38</u>
	<u>Yelp</u>	<u>\$14,661.04</u>
Social Media & Marketing	\$ 41,254.64	
Mobile App & Uoyalty Plan	\$ 4,607.29	
		<u>\$621,042.98</u>

Shared Insight	\$ 15,237.50
Yelp	\$ 10,744.63
Google Advertising/Email	\$ 25,078.26
Apparel Giveaways	\$ 26,478.77
Social Media/Giveaways/Contest Winners	\$ 3,061.28
Employee Wages	\$ 98,656.21
Travel & Lodging	\$ 3,691.31
Amazon Web Services	\$ 2,458.11
Public Relations	\$ 111,160.76
Rebates / Incentives	\$ 102,589.12
Total Expenditure:	\$ 600,451.34

Cooperatives

In our discretion, we may designate geographic areas for the establishment of Cooperatives. We have the right to require you to pay an amount we designate up to four hundred dollars (\$400) on a monthly basis. If your Storefront is within one of these geographic areas, you must become a member of the Cooperative. You need not join more than one Cooperative for the same Franchised Storefront. All Storefronts (including Storefronts owned by us or our affiliates) must become members in any Cooperatives that we establish for geographic regions in which they own locations.

Each Cooperative will be organized and governed in a form and manner that we approve, and we reserve the right to change the way that the Cooperatives are organized and governed in our sole discretion. We reserve the right to administer the fund, or to have an advertising agency do so. We have the right to examine the books, records, and accounts of the Cooperative and to audit the Cooperative. Each Cooperative must prepare annual financial statements and submit them to us. The statements will be made available to you for your review.

We require that each Cooperative governs from written organizing documents. As of the date of this Disclosure Document, no Cooperative has been formed and no governing documents are available for you to review. No changes to the organizing documents are permitted without our advance written approval.

We, in our sole and absolute discretion, have the right to require any Cooperative to be formed, or have the governing documents changed. We also have the right to require that any Cooperative dissolve or merge into another Cooperative. (Franchise Agreement, Section 8.11).

Advertising Council

Google Play™ Store. The CML App is a multi-faceted software solution that is comprised of a customer facing loyalty program, mobile & contactless ordering, to-location navigation and added marketing capabilities. The CML Mobile App is a software-as-a-service program is currently provided by our designated supplier. You are required to enable the CML Mobile App service upon opening. To do so, you will be required to purchase additional equipment and will also be required to carry a monthly subscription for each applicable unit you operate at our then-current monthly subscription fee (currently \$250 per month). You will be required to purchase at least one iPad (estimated cost of \$350) and our recommended scanner (estimated cost of \$250-\$400). (Franchise Agreement, Sections 9.15 and 11.1).

We will have access to all information processed through the CML Mobile App and there are no limitations on the type of information we can access, or the times or frequency of when we access such information.

Operations Manual

We will loan you one copy of the Operations Manual after you sign the Franchise Agreement. The purpose of the Operations Manual is to communicate to you and our other franchisees both our requirements and our suggestions for the operations of your Storefront, so that customers of the System have a uniform and quality experience across Storefront locations. The Operations Manual is not intended to mandate how you handle employment issues with your employees, except to the extent that their conduct has a direct bearing on the System or the Marks.

We may modify the Operations Manual at any time. Its total number of pages is 415. The number of pages devoted to each topic is reflected in the Table of Contents. We will notify you if there are any changes made to the policies or procedures so that you can comply. You must update your copy of the Operations Manual, as instructed by us. We disclose the Table of Contents to the Operations Manual as Exhibit D to this Franchise Disclosure Document. (Franchise Agreement, Article 9).

Initial Training Program

We provide a tuition-free initial Cousins Maine Lobster training program, which includes orientation to the System, customer service, operational management, financial management, computer software use (including the CML Mobile App), advertising, and marketing; and reporting procedures. The training lasts up to ~~7 to 10~~ 10 to 12 days or less, depending on your existing experience level. It is currently held at our Los Angeles, California, ~~and~~ Nashville, Tennessee, or Portland, Maine locations, but we may hold the training at one of our other locations in the future.

Training is not scheduled on a regular basis but will be offered to you before the opening of the franchised business, except for the Maine Product Education, which will be held before the opening of the franchised business or within 6 months of franchised business' opening, as season permits. You and your Designated Manager must attend and successfully complete to our satisfaction the initial training 30 days before the opening of the franchised business, except for the Maine Product Education, which must be successfully completed within 6 months of franchised business' opening, as season permits. If you and your Designated Manager do not complete the training to our reasonable satisfaction, we have the right to terminate the Franchise Agreement without refunding any money to you. You must pay for all travel, lodging, and other costs of initial training attendance. Thereafter, we may charge a fee for attendance of the initial training for new and replacement managers. Our current fee for a replacement and new managers is \$300 per attendee.

Training will focus on training for your owners and managerial staff. You will be responsible for training your employees and independent contractors. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Business.

We plan to provide the training listed in the table below. The hours presented for each subject are estimates, as our training program continues to evolve. This training schedule is fully detailed in the Operations Manual and will change from time to time. (Franchise Agreement, Articles 9 and 10).

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Finding a Location	2	0	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Accounting & Insurance	2	0	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Your Site: Design & Equipment	10	2	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Signage	2	2	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Preparing to Open	14	45	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Personnel Training and Customer Services	5	12	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Items Offered for Sale	3	0	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Preparation of Products	5	10 16	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Paperwork & Controls	3	0	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Evaluation & Compliance	2	2	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Cleaning & Maintenance	5	9	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Security & Safety	1	1	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>
Promoting & Marketing	8	3	Los Angeles, California; <u>Nashville, Tennessee; Portland, Maine; or other location</u>

Lobster Industry Education to include time on water and visit to 410 Portland, Maine / Los Angeles, California

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
<u>Lobster Industry Education to include time on water and visit to processing and distribution centers</u>	4	10	<u>Nashville, Tennessee; Portland, Maine; or other location</u>
Maine Product Education	8	14	<u>Nashville, Tennessee; Portland, Maine / Los Angeles, California; or other location</u>
Total	74 Hours	110 <u>116</u> Hours	

The instructional materials used for all topics of training will consist of the Operations Manual and videos, scripts, and PowerPoint presentations.

Our Trainers

Below is a list of our trainers as of the issuance date of this Franchise Disclosure Document. We may replace any or all of our trainers with qualified replacements. If a replacement trainer is used for training purposes, they will have adequate training and qualifications to provide all necessary training to your owners and managerial staff.

Jim Tselikis is our Owner and is a trainer for various training topics. Jim has operated Storefronts and other Cousins Maine Lobster® businesses since the inception of our affiliate, CML, in November 2011.

Sabin Lomac is our Owner and is a trainer for various training topics. Sabin has operated Storefronts and other Cousins Maine Lobster® businesses since the inception of our affiliate, CML, in November 2011.

Shaun Higgins is our and CMLF's ~~Vice President of Franchise Operations~~ and is a trainer for all training topics. He has worked with Cousins Maine Lobster® businesses since August 2014.

Jameson Lyons is our and CMLF's Vice President of Branding and Innovation since August 2022, and is a trainer for various training topics. Jameson has been with us and CMLF since 2017 in roles including Executive Assistant and Brand and Project Manager.

Mike Carmody is our and CMLF's ~~Compliance & Training Manager, Vice President of Operations~~ and is a trainer for all training topics. He has worked with Cousins Maine Lobster® businesses since 2017.

Allison Pillar is our and CMLF's Director of Compliance since 2023, and is a trainer for all training topics. From May 2021 to 2023, Allison was our (and CMLF's) Training and Compliance Manager. Allison has worked with both us and CMLF since 2017, working in a management role in company-owned Storefronts and Storefronts.

~~Annie Tselikis is our (and CMLF's) Director of Sales and Marketing. Annie joined us (and CMLF) in May 2021 and is a special projects manager for us. Annie has a background in the seafood industry.~~

Erika Yaghoubzadeh is our Construction Manager and is a trainer for various training topics. Between 2017 and 2022, Erika was our and CMLF's Director of Brand Compliance.

Rich Pillar is our Compliance and Distribution Manager, and is a trainer for all training topics. He has worked with both us and CMLF since 2021, training franchisees in the operation of their franchises and on brand standards.

Robert Armitage is our and CMLS's Operations & Logistics Coordinator, and is a trainer for various training topics. Mr. Armitage has worked for both us and CMLS since 2023.

Other Training

In the event you are not operating your Storefront according to the Operations Manual, we have the right to require you and your staff to attend additional training, which will occur (at our option) either at your Storefront, Commissary, and Prep-Kitchen or at a Storefront and Commissary and Prep-Kitchen we operate. You may also request additional training, which we will provide at our option and subject to our availability. We have the right to charge you our then-current fee as published in the Operations Manual (currently, \$500 per day). Also, you must reimburse us our reasonable travel, lodging, meals, and other expenses we incur if we conduct training away from our headquarters. If the training occurs at a place other than your Storefront, you must pay for your (and your employees' travel, lodging, meals, and other expenses.

You and you Designated Manager, must attend and satisfactorily complete various training courses that we periodically provide at the times and locations we designate. Besides attending these courses, you must attend an annual meeting of all franchisees at a location we designate. You are responsible for all related travel and living expenses and wages.

ITEM 12

TERRITORY

~~You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.~~

Franchise Agreement

The Franchise Agreement specifies that we will not operate, nor license another party to operate, another Storefront under the Marks within the area identified on Addendum 1 to your Franchise Agreement (the "Territory"). This proximity protection will remain for the initial franchise term. You will operate your Storefront only in the Territory (with the exception of time-limited pop-ups), and you may not relocate your Territory without our permission. We will not consent to your relocation if it is within another Storefront's Territory. We may, under some circumstances, permit you to advertise and conduct business at time-limited pop-up events or locations outside of your Territory, but only if you do so following our rules.

Your Territory will be an area consisting of the lesser of: (i) approximately a population of 50,000 people; or (ii) a 5-mile radius. In determining the total population within your Territory, we generally consult the United States Census estimate, available via the Internet website located at quickfacts.census.gov.

You will operate your Storefront from one location and must receive our permission before relocating. We will charge you a relocation fee of \$10,000 in connection with our review of your relocation request. If you seek to relocate to a location that is outside of your Territory, we reserve the right not to approve any such relocation, and we will not consent to your relocation if it is within another franchisee's Territory.

Except when you do so in connection with a temporary pop-up event or location that we have approved, you are not permitted to distribute advertising items (i.e., coupons, circular advertising, or other forms of advertising that we permit) outside of your Territory. Other Storefronts will not be permitted to conduct permitted advertising within your Territory, but Food Trucks will be permitted to do so. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Territory.

You may use, reference or promote your Storefront in connection with social media networks or platforms, but only with our approval and in compliance with our applicable policies. You are not permitted to have an individual website for your Storefront, but we (so long as you are in compliance with the Franchise Agreement) will list your Storefront on our System Internet web site, and we may provide you the opportunity to add some content to that site.

On renewal, acquiring a successor franchise, or transferring your franchise, your Territory may be modified. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard territory, we may require you or the transferee to accept a successor franchise territory or a transfer territory smaller than the Territory.

Your Territory will not be altered during the initial term of the Agreement if there is a population increase or decrease. We have the right to terminate our grant, or reduce the size, of your Territory if you default under the Franchise Agreement for, among other things, failing to maintain our standards, failing to pay for food you have received from our Affiliate, or failing to pay the royalty and other fees when they become due. There are no other circumstances under which we will modify your territorial rights. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Below we list the exceptions that make the territory non-exclusive as defined by disclosure guidelines.

~~On renewal, acquiring a successor franchise, or transferring your franchise, your Territory may be modified. Depending on the then-current demographics of the Territory, and on our then-current standards for territories, if the Territory is larger than our then-current standard territory, we may require you or the transferee to accept a successor franchise territory or a transfer territory smaller than the Territory.~~

Limitations on Territorial Rights

Except as stated above, we and our affiliates retain all rights in the Territory for engaging in any activities we deem appropriate whenever and wherever we desire, including, but not limited to the following rights:

- (1) The right to establish or operate or license any other person or entity to establish and operate Storefronts or Food Trucks, or Non-Traditional Locations operating under the Marks within the Territory. A “Non-Traditional Location” is a transportation facility (including airports, rail or bus terminals, toll road plazas and highway rest stops); port of call; sporting facility, arena, or stadium; urban office building; convention center; convenience store or service station; supermarket; carnival or street fair; institutional feeding facility; government or military institution, base, or facility; shopping mall; educational facility; casino; resort property; amusement park or amusement center.
- (2) The right to establish or operate or license any other person or entity to establish and operate other facilities, businesses, kiosks, outlets, food trucks, mobile units, or Internet websites under trademarks or names other than the Marks, which are not Cousins Maine Lobster® Storefronts, inside or outside of your Territory.
- (3) The right for Food Trucks to: (a) operate within your Territory, except for the area that is within one-half (A) mile of your Storefront; and (b) locate, establish, and operate commissary or prep-kitchen sites in your Territory.
- (4) The right to provide, offer and sell and to grant others the right to provide, offer and sell goods

that are identical, similar to, and/or competitive with those provided at Storefronts, whether identified by the Marks or other trademarks or service marks, through dissimilar channels of distribution (including retail stores, grocery stores, the Internet, and electronic media) both inside and outside your Territory and on any terms and conditions we deem appropriate.⁷

~~(5) The right to sell products and services using the Marks to customers located within your Territory, for so long as they are not sold at or provided from locations within your Territory.~~

(6) The right to service Special Accounts within your Territory if you decline the opportunity to do so. A “Special Account” is a customer whose offices, stores, plants, buildings, or other physical facilities are not confined to the territory of a single Cousins Maine Lobster® business.

(7) The right to operate, and to grant others the right to operate Storefronts located anywhere outside your Territory under any terms and conditions we deem appropriate and regardless of proximity to your Territory.

(8) The right to acquire the assets or ownership interests of one or more businesses providing products and services like those provided at Storefronts, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licenses of these businesses) are located or operating (including in your Territory).

(9) The right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Storefronts, or by another business, even if such business operates, franchises, and/or licenses competitive businesses within your Territory. We will not, however, rebrand any such businesses located inside the Territory by allowing them to use the Marks.

We are not required to pay you if we exercise any of the rights specified above within your Territory.

Special Accounts

We have the exclusive right to contract with Special Accounts. If we establish a contract for facilities of a Special Account located in the Territory, we will offer you the first option of providing the services to the Special Account within in the Territory at the prices and subject to the contract requirements we negotiate with the Special Account. If you accept the project, we will collect all amounts due from the Special Account and remit to you the amount due for products and services rendered Special Account, less the amount of royalties and other fees due under the Franchise Agreement. All amounts collected from Special Accounts on your behalf or by you will be included in your Gross Sales for purposes of calculating royalties.

If you decline to accept the opportunity to work with the Special Account, we will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner we deem suitable, including through another Cousins Maine Lobster® franchise or business owned by us or our Affiliate, or through a third-party contractor. Additionally, if at any time a Special Account for any reasonably requests that services in the Territory be provided by someone other than you, we may revoke your option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner we deem suitable.

Right of First Refusal

⁷ The right to sell products and services using the Marks to customers located within your Territory, for so long as they are not sold at or provided from locations within your Territory.

Other Franchise Systems

As stated above, our affiliate CMLF franchises the right to operate food truck restaurants ~~and Non-at Non-~~Traditional Locations under the Marks. We and our affiliates have the right to operate other restaurant concepts, but as of the date of this Franchise Disclosure Document, neither we nor our affiliates have operated or franchised other businesses selling or leasing similar products or services under different trademarks.

ITEM 13

TRADEMARKS

Under the Franchise Agreement, we grant you the nonexclusive right to use our Marks in connection with the operation of your Storefront. You may also use our other current or future trademarks to operate the Storefront. We have registered the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Trademark	Registration Number Registration Date	International Class of Goods
COUSINS MAINE LOBSTER (Word Mark)	4365726 July 9,2013	29, 31
COUSINS MAINE LOBSTER (Word Mark)	5495260 June 19,2018	43

We have filed all required affidavits relating to the registered Marks shown above.

All Marks are owned by our affiliate, CML, which has granted to us, under license (the "Intellectual Property License"), the right to use and franchise the Marks and associated trade names, trademarks, service marks, logotypes and other commercial symbols and copyrights and proprietary materials in the United States by and to operators of Storefronts. The Intellectual Property License does not contain any significant limitations on our right to use or license the Marks to you, and will continue until terminated, which can only occur upon our dissolution. Upon such event, you may lose your right to use the Marks. Except as described above, no currently effective agreements significantly limit our rights to use or license the use of the Marks.

No currently effective agreements significantly limit our rights to use or license the use of the Marks. There are presently no effective determinations by the United States Patent and Trademark Office, the Trademark Trial And Appeal Board, the Trademark Administrator of any state or any court, nor any pending interference, opposition or cancellation proceeding or material litigation involving the Marks. We are unaware of any infringing uses that could materially affect your use of our Marks.

You will have the right to use all our Marks in the operation of your Storefront. However, you must use the Marks only for the operation of your Storefront and in the manner authorized by us. You cannot use the names or Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use our Marks in connection with the sale of unauthorized goods or services, or in a manner not authorized in writing by us.

You must notify us immediately in writing of any apparent infringement or challenge to your use of our trademarks. We have the sole discretion to take such action as we deem appropriate. We are not obligated by the Franchise Agreement or other agreement to participate in your defense or to indemnify you if you

are a party to any administrative or judicial proceeding involving our Marks. We will have sole control over any litigation or proceeding.

You may not, without our written consent, in our sole discretion, commence or prosecute, or seek leave to intervene in any litigation or other proceeding, including any arbitration proceeding, in which you purport to enforce any right or recover any element of damage arising from the use or infringement of any of the Marks or unfair competition resulting from that use.

If it becomes advisable at any time, in our sole discretion, to modify or discontinue use of any Marks, and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions for such modification, discontinuance, or substitution within a reasonable time after you receive notice from us. You, in connection with the use of a new or modified mark, may be required, at your own expense, to remove existing signs from your Storefront, and to purchase and install new signs. We do not have to reimburse you for the costs you incur for making these changes.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

No patents are material to the franchise.

We claim copyright protection of the Operations Manual and related materials and other brand identity/marketing/advertisement/promotional materials, although such materials may not have been registered with the United States Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. There are no infringing uses actually known to us, which could materially affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

Improvements

If you or your employees make or acquire any improvements, including any enhancements, adaptations, derivative works, modifications or new processes (“Improvements”) in the operation of your Storefront, you will grant-back exclusive rights in these Improvements to us in consideration of the grant of the franchise and without the payment of additional consideration. Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. We may include any Improvements we made or acquired in the System, including any and all intellectual property rights of ours and affiliate or services and products of the Storefront, Operations Manual and the System for use by all franchisees, us or any affiliate. You must obtain our express written consent before making any modification or derivative work.

Confidential Information

We possess certain confidential information including the methods, techniques, formats, specifications,

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are required to offer for sale only ~~services-sendees~~ and products that have been approved and specified by us in the Operations Manual and any updates that are incorporated in the Operations Manual from time to time. You may not offer for sale any ~~services-sendees~~ or products not specifically approved by us in writing and you may not use your Storefront premises for any other purpose than the operation of a Storefront and the sale of ~~services-sendees~~ or products approved by us. You must offer any products and/or ~~services-sendees~~ that we designate as required products and/or required ~~services-sendees~~ in the Operations Manual. There are no limits on our ability to make changes to the ~~services-sendees~~ or products we require you to sell.

You may only advertise, sell and accept orders from your Site, and not from or at any location other than the location of your Storefront, unless we have approved otherwise. We may (but are not required to) approve you to provide catering or delivery ~~services-sendees~~, or to operate temporarily at pop-up locations or events. In that event, you may only provide catering or ~~delivery-deliven~~ services within the service area (or at the location or event) we approve. You may not advertise or sell products through other channels of distribution such as wholesale, Internet or mail order sales. You may not establish an account or participate in any social networking sites or mention or discuss the franchise, us or any of our affiliates, without our prior written consent and subject to our on-line policy.

If permitted by applicable law, we may require that you participate in a gift card or other customer loyalty program in accordance with our policies and procedures. In order to participate, you may be required to purchase additional equipment and pay any fees relating to the use of that equipment. If we establish a gift card or loyalty program, we have the right to determine how the amount of the gift cards or loyalty cards will be divided or otherwise accounted for, ~~and we reserve-reserve~~ the right to retain the amount of any unredeemed gift cards. Loyalty points earned at one Food Truck or Storefront can be redeemed at other Food Trucks or Storefronts. We currently administer rewards programs, loyalty card programs, and other promotions and programs through the CML Mobile App. You will be required to honor and comply with any programs we implement through the CML Mobile App or otherwise and will be required to purchase the required equipment to allow use of the CML Mobile App (iPad and the scanner we designate).

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise F <u>Franchise Agreement</u>	Summary
a. Length of the franchise term	Section 5.1	Agreement starts on the date it is signed and ends 10 years after the date you <u>you open your Storefront</u> for business.
b. Renewal or extension of the term	Section 5.2	You are permitted to acquire an additional term of 5 years if you meet the requirements listed in Article 5 of the Franchise Agreement
c. Requirements for franchisee to renew or extend	Section 5.2	Advance written notice, not less than 6 months or more than 9 months, to renew; sign most current form of Franchise Agreement which may contain substantially <u>substantially</u> different terms and conditions than your <u>your current</u> Franchise Agreement, including a smaller geographic Territory; each of your owners must execute a general release in the then current form; you cannot be in default of any provision of the Franchise Agreement and not have committed two or more breaches of the Franchise Agreement during any 12 month period during the term; have the right to continue to occupy your approved location or move to a different location we approve; you must remodel your Storefront and reimburse us for our costs to inspect it; prove that you have all current licenses, insurance, and permits; have fully performed your obligations under the Franchise Agreement, including obligation to

Provision	Section in Franchise Agreement	Summary
<u>Provision</u>	<u>Section in Franchise Agreement</u>	be current in payment of all monetary obligations to us, and; be in compliance with our then-current training requirements; and pay our successor agreement fee of ten thousand dollars (\$10,000). <u>Summary</u>
		<p><u>Franchise Agreement, including a smaller geographic Territory; each of your owners must execute a general release in the then-current form; you cannot be in default of any provision of the Franchise Agreement and not have committed two or more breaches of the Franchise Agreement during any 12-month period during the term; have the right to continue to occupy your approved location or move to a different location we approve; you must remodel your Storefront and reimburse us for our costs to inspect it; prove that you have all current licenses, insurance, and permits; have fully performed your obligations under the Franchise Agreement, including obligation to be current in payment of all monetary obligations to us, and; be in compliance with our then-current training requirements; and pay our successor agreement fee of ten thousand dollars (\$10,000).</u></p> <p>If you seek to acquire a successor franchise at the expiration of the initial term or any renewal term, you may be asked to sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights.</p>
d. Termination by franchisee	Section 17.6	You may terminate the Franchise Agreement by notice to us if we fail to perform material obligations. You must give us notice, and 60 days to cure or commence cure.
e. Termination by franchisor without cause	Not applicable.	Not applicable.
f. Termination by franchisor with cause	Section 17.1 - 17.3	We can terminate the Franchise Agreement, automatically or by notice to you, with or without a cure period, if you breach a material provision of the Franchise Agreement.
g. "Cause" defined - curable defaults	Sections 17.2 and 17.3	<p>You have 14 days after notice to cure breaches relating to your:</p> <ul style="list-style-type: none"> (a) failure to obtain or maintain required insurance coverage; (b) employees or independent contractors failure to obtain and maintain any permit or license necessary for operating your Storefront; <p>I owners engaging in a dispute with one another (deadlock) that materially affects the operation of your Storefront, which dispute or deadlock remains unresolved after the expiration of the 30-day cure period;</p> <ul style="list-style-type: none"> (d) failure to resolve customer complaints and/or disputes in a timely manner. <p><u>You will have five (5) days to cure a breach for failure to pay amounts you owe us or our Affiliates, or for your failure to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to a bona fide dispute). You will have forty-eight (48) hours to cure a breach for selling unapproved products or services (other than seafood or lobster, soups, bread, proprietary packaging, in which case you will not have any opportunity to cure).</u></p> <p><u>You will have fourteen (14) days after notice to cure any breaches of the Franchise Agreement not listed in Sections 17.1, 17.2, or 17.3.</u></p>

You will have five (5) days to cure a breach for failure to pay amounts you owe us or our Affiliates, or for your failure to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to a bona fide dispute). You will have forty eight (48) hours to cure a breach for selling unapproved products or services (other than seafood or lobster, soups, bread, proprietary packaging, in which case you will not have any opportunity to cure).

You will have fourteen (14) days after notice to cure any breaches of the Franchise Agreement not listed in Sections 17.1, 17.2, or 17.3.

<p>h. "Cause" defined - non- curable defaults</p>	<p>Sections 17.1 and 17.2</p>	<p>Your Franchise Agreement will terminate automatically, without your ability to cure any defaults, if you:</p> <p>(a) Become insolvent or make a general assignment for the benefit of creditors;</p> <p>(b) File a petition in bankruptcy, or such a petition is filed against you and you do not oppose it, or are adjudicated as bankrupt or insolvent.</p> <p>I Have a bill in equity or other proceeding for the appointment of a receiver of (1) you; (2) the Storefront; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.</p>
---	-------------------------------	---

Provision	Section in Franchise Agreement	Summary
		<p>(a) Become insolvent or make a general assignment for the benefit of creditors; (b) File a petition in bankruptcy, or such a petition is filed against you and you do not oppose it, or are adjudicated as bankrupt or insolvent. I Have a bill in equity or other proceeding for the appointment of a receiver of (1) you; (2) the Storefront; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.</p> <p>(d) Have proceedings for a composition with creditors under any state or federal law instituted by or against you. I Have a final judgment against you in the amount of twenty five thousand (\$25,000) dollars or more that remains unsatisfied or of record for thirty (30) days or longer.</p> <p>(f) Dissolve or liquidate. (g) Have execution levied against your business or property. (h) Have the real or personal property of the Franchised Business sold after levy by any sheriff, marshal, or constable, or foreclosed upon.</p> <p>You will not have an opportunity to cure defaults, and we are entitled to terminate the Franchise Agreement upon notice, if you:</p> <p>(i) Fail to open your Storefront on or before the date required under the Franchise Agreement; (j) Fail to begin operating your Storefront within ten (10) months of the Effective Date; (k) Abandon your Storefront or fail to keep it open for a period of three (3) or more consecutive days, unless it is for a reason beyond your control; (l) Or any of your managers, officers, members, directors, or owners are convicted of or plead no contest to a felony or other criminal misconduct relevant to the operation of your Storefront; (m) Make an unauthorized transfer of the business; (n) Have your lease cancelled. (o) Fail to comply with any material federal, state, or local law or regulation applicable to the operation of your Storefront; (p) Receive from us 2 or more notices of default under the Franchise Agreement within a 12 month period regardless of whether you cured those defaults; (q) Submit on two or more occasions during the term financial information which understates your Gross Revenue by more than 2%, unless you demonstrate that such understatement resulted from inadvertent error; I Make any material misrepresentations relating to your acquisition of the franchise or in connection with the operation of the franchise including any intentional understatement of revenue or failure to report revenue; (s) Fail to allow or cooperate with audits or inspections; (t) Violate any covenant not to compete or relating to confidential information; (u) Interfere or attempt to interfere with our actual or prospective contractual relations with any person or company; (v) Engage in any activity that has a material adverse effect on the System or the Marks; (w) Offer or sell any unapproved seafood, soups, or bread; (x) Challenge the validity of, materially misuse, or make any unauthorized disclosure, use, or duplication of our Confidential Information or our Marks; (y) Or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism;</p>

Provision	Section in Franchise Agreement	Summary
		<p><u>(v) Engage in any activity that has a material adverse effect on the System or the Marks;</u> <u>(w) Offer or sell any unapproved seafood, soups, or bread;</u> <u>(x) Challenge the validity of, materially misuse, or make any unauthorized disclosure, use, or duplication of our Confidential Information or our Marks;</u> <u>(y) Or any of your owners, officers, directors, managers, members, agents, or employees make any misrepresentation relating to, or violate, the United States' laws against terrorism;</u> <u>(z) Or your affiliates breach the terms of any other agreement with us or our affiliates, which default remains uncured after the expiration of any applicable cure period;</u> <u>(aa) You advertise, offer or sell products or services within the franchise territory of another Cousins Maine Lobster® franchisee; or (aa) Fail to achieve or exceed the minimum score under a System standards inspection two (2) or more times in any twelve (24)-month period.</u></p>
i. Franchisee's obligations on termination/non-renewal	Articles 16 and 18	Upon termination you must cease operating as a Storefront, not compete with us, not divert customers, not use our confidential information, pay all sums due us, cease to use the Marks, assign the lease to us at our request, cancel any fictitious name which contains the Marks, turn over all Operations Manual, records, files and any materials relating to the operation of your Storefront, cancel or transfer all telephone numbers and directory listings to us, comply with all covenants, and pay us liquidated damages.
j. Assignment of contract by franchisor	Section 15.1	We may transfer all or any part of the System, the Franchise Agreement, or the Marks without your consent.
k. "Transfer" by franchisee - defined	Section 15.2	Includes transfer of contract, premises of your Storefront, assets, or change of any portion of your ownership (if you are a legal entity)
l. Franchisor approval of transfer by franchisee	Section 15.3	You cannot transfer the Franchise Agreement without our consent.
m. <u>Conditions for franchisor approval of transfer</u>	<u>Section 15.3</u>	<p><u>We have the right to condition our approval of any transfer proposed by you upon the following:</u> <u>(a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates;</u> <u>(b) We must have declined our right of first refusal;</u> <u>I Your transferee must complete and submit all applications required for prospective franchisees at the time of the assignment and be approved by us;</u> <u>(d) Your transferee must execute our then-current form of franchise agreement, or assume your existing franchise agreement (at our option);</u> <u>I You must pay us a transfer fee of \$10,000;</u> <u>(f) At your or your transferee's expense, upgrade, remodel, or replace the assets used by your Storefront;</u> <u>(g) Your transferee must have completed the initial training program to our satisfaction;</u> <u>(h) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns;</u> <u>(i) If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note or financing</u></p>

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
m. Conditions for franchisor approval of transfer	Section 15.3	<p>We have the right to condition our approval of any transfer proposed by you upon the following:</p> <p>(a) You must be in full compliance with the Franchise Agreement and pay all outstanding fees owed to us or our its affiliates;</p> <p>(b) We must have declined our right of first refusal;</p> <p>(c) Your transferee must complete and submit all applications required for prospective franchisees at the time of the assignment and be approved by us;</p> <p>(d) Your transferee must execute our then current form of franchise agreement, or assume your existing franchise agreement (at our option);</p> <p>(e) You must pay us a transfer fee of \$10,000;</p> <p>(f) At your or your transferee's expense, upgrade, remodel, or replace the assets used by your Storefront;</p> <p>(g) Your transferee must have completed the initial training program to our satisfaction;</p> <p>(h) You and your owners must execute a general release of all claims against us, our affiliates, and shareholders, officers, directors, employees, agents, successors, and assigns;</p> <p>(i) If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note or financing statement will be subordinate to its obligations to pay amounts due to us and our Affiliates;</p> <p>(j)(i) Your transferee must assume all of your liabilities and obligations relating to your Storefront; and</p> <p>(k)(k) You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those contained in your Franchise Agreement.</p>
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
n. Franchisor's right of first refusal to acquire franchisee's business	Section 15.4	You must give us written notice of intent to sell or otherwise transfer the Franchise Agreement at least 60 days before you intend to transfer. We have 30 days from the date that you give us written notice to determine whether we will exercise our right of first refusal. We can match any bona fide written offer for your Storefront.
o. Franchisor's option to purchase franchisee's business	Section 18.6	At termination or expiration of the Franchise Agreement, we have the option to purchase your assets for fair market value. The fair market value will be determined by an independent Storefront equipment supplier we select.
p. Death or disability of franchisee	Sections 15.7 and 17.9	The estate of the deceased or incapacitated franchisee must, within fifteen (15) days from the date of death or disability, appoint a new Designated Manager if the deceased or incapacitated person was the Designated Manger. If that does not happen, we can exercise our Step-In Rights and operate your Storefront until a new Designated Manager is appointed. You or your estate will have six (6) months from death, disability, or incapacity to transfer your franchise to a new person approved by us.
q. Non-competition covenants during the term of the franchise	Section 16.4	Subject to state law, you must not be in any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) products that are the same as or similar to those provided by Storefronts or in which our intellectual property or other confidential information could be used to the disadvantage of us, any of our Affiliates, or any Food Truck or franchisee (a "Competitive Business"), other than a franchise operated under a franchise agreement with us.
r. Non-competition covenants after the franchise is terminated or expires	Sections 16.5 and 16.6	Subject to state law, you may have no involvement in any Competitive Business within: (a) fifteen (15) miles of the Territory or any Storefront then in existence or under construction; or (b) the territory of any Storefront or Food Truck that is then in operation, for a period of 2 years after your Franchise Agreement is terminated or expires. You must not solicit customers of your Storefront or any other Storefront for a period of three (3) years. Except in the operation of a Storefront under a valid franchise agreement, you may not use our Trade Secrets in any business or other endeavor after your Franchise Agreement is terminated or expires. You must completely disassociate yourself from the Marks and return the Operations Manual and other confidential materials provided to you by us. You may not

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
t. Integration/merger clause	Section 20.13	Only the terms of the Franchise Agreement are binding (subject to state law). Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the Franchise Disclosure Document. Any representations or promises outside the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Article 19	Subject to federal and your state's law, all disputes must first be submitted to non-binding mediation in accordance with the commercial mediation rules of the American Arbitration Association ("AAA"). If the mediation is not successful, then the dispute must be submitted to arbitration before the AAA.
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
v. Choice of fomm	Section 19.9	Subject to state law, any arbitration or litigation must be pursued in courts located in Portland, Maine. See any state-specific addendum attached in Exhibit F.
w. Choice of law	Section 19.1	Federal trademark law, and other federal laws govern where applicable. Otherwise, Maine law applies, except where individual state laws supersede, as reflected in any state-specific attachment to the Franchise Agreement, subject to state law.

ITEM 18

PUBLIC FIGURES

Barbara Corcoran (through her entity BCH Holdings, Inc.) owns fifteen percent (15%) of us and of our affiliates, CML and CMLF. She is a business consultant, real estate investor, author, public speaker, and TV personality on ABC television's show "Shark Tank." Ms. Corcoran is an active member of us and of our Affiliates without decision-making abilities, but offers experience, advice, and helps us promote the Marks. Ms. Corcoran invested \$55,000 in exchange for her equity ownership interests in us and our Affiliates.

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 this 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.

Below is a historic representation based on the past performance of existing Storefronts, specifically, the Gross Sales for the period of January 1, ~~2022~~2023, to December 31, ~~2022~~2023, of all franchised Storefronts open during ~~2022~~2023. These franchisees were open for the full 12-month period, January 1, ~~2022~~2023, to December 31, ~~2022~~2023, unless noted in the ~~second~~-~~last~~ column. The annual gross sales information was obtained by us directly from franchisees' point of sales systems.

Fiscal Year ~~2022-2023~~ (January 1, ~~2022-2023~~ - December 31, ~~2022~~2023)
Annual Gross Sales for Cousins Maine Lobster® Storefronts owned by franchisees

Location	Avg. Monthly Sales	Median Monthly Sales	Highest Monthly Sales	Lowest Monthly Sales	Total Gross Sales	Notes
Asbury Park	\$178,553.70\$126,180.04	\$148,268.35\$87,570.05	\$376,627.40\$316,219.60	\$32,908.45\$30,939.15	\$1,428,429.60\$1,514,160.45	Opened on May 20, 2022
Budd Dairy Food Hall	\$77,427.78\$70,361.21	\$77,807.32\$72,348.25	\$108,228.96\$85,113.14	\$56,492.00\$51,844.50	\$929,133.38\$844,334.55	Franchise operates under limited operating hours due to facility restrictions
Lenox Mall	\$67,725.35\$53,011.67	\$64,076.75\$52,436.75	\$81,414.00\$61,980.00	\$53,575.25\$45,124.50	\$812,704.25\$636,140.05	Closed early multiple times in Franchise operates under limited operating hours due to facility restrictions
Location	Avg. Monthly Sales	Median Monthly Sales	Highest Monthly Sales	Lowest Monthly Sales	Total Gross Sales	Notes

2022, closed for gas leak

Marietta Food Hall										<u>Franchise operates under limited operating hours due to facility restrictions</u>	
Neptune Beach*	\$49,564.29	\$43,225.87	\$49,983.75	\$43,755.75	\$65,135.50	\$57,935.50	\$32,790.50	\$25,423.00	\$594,771.50	\$518,710.49	Sales after October 16, 2022 (reopened—new owner)
	\$53,358.92		\$57,727.00		\$58,140.00		\$44,209.75		\$160,076.75		
Morgan Street Food Hall											<u>Franchise operates under limited operating hours due to facility restrictions</u>
	\$74,814.07	\$58,730.44	\$76,491.30	\$58,841.63	\$94,448.31	\$70,671.62	\$44,133.80	\$41,464.40	\$897,768.80	\$704,765.29	
Tempe Vib Hotel/Neptune Beach	\$28,974.50	\$59,038.06	\$26,270.50	\$51,061.63	\$46,284.90	\$163,668.25	\$17,464.50	\$40,578.00	\$260,770.53	\$708,456.69	Opened April 5, 2022; hotel at limited capacity when opened
Neptune Beach*	\$71,480.27		\$71,117.96		\$125,679.30		\$18,006.25		\$285,921.47		Sales until closure on April 7, 2022

Neptune Beach: This location closed on April 7, 2022 and was reopened by a new owner on October 16, 2022. Sales until its closure and after its reopening are shown above.

At your reasonable request, we will provide you with written substantiation for this financial performance representation. See the notes below, which are a material part of this Item.

(1) **Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.**

(2) As used in this Item 19, "Gross Sales" means all revenue accrued from the sale of all products and performance of services in, at, upon, about, through or from the Storefront, whether for cash or credit and regardless of collection in the case of credit, and income of every kind and nature related to the Storefront, including insurance proceeds and/or condemnation awards for loss of sales, profits or business, as well as the full retail value of any gift certificate or coupon sold for use at the Storefront (fees retained by or paid to third party sellers of such gift certificates or coupons are not excluded from Gross Sales). Gross Sales does not include:

(i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by the franchisee to the appropriate governmental authority;

(ii) cash refunds to customers and valid coupons given by your Storefront and used by customers, provided the full price of any product or service was first included in Gross Sales; or

(hi) tips from customers given to employees.

(3) The revenue representations in this Item do not reflect the cost of sales, operating expenses, or other expenses that must be deducted from Gross Sales figures to obtain net income or profit. The figures above do not reflect any of the expenses necessary to operate a Cousins Maine Lobster® Storefront. Some of the outlets included in this financial performance representation are operated under older forms of franchise agreements

than the one included in this Franchise Disclosure Document. Otherwise, we are not aware of any characteristics of the outlets included in this financial performance representation that may differ materially from those of a new franchisee's outlet.

Other than the representation given above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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. Additionally, written substantiation for the financial performance representations above will be made available to you upon reasonable request. 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 Sabin Lomac at CML Storefront, LLC, 125 John Roberts Road, Unit #2, South Portland, ME 04106.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1.

Systemwide Outlet Summary for Years ~~2020-2021~~ through ~~2022~~2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020 2021	<u>87</u> 2021 75-2	<u>75</u>	<u>-12</u>
	2022	5	7	+2
	<u>2023</u>	<u>7</u>	<u>5</u>	<u>-2</u>
Company-Owned	2020 2021	1 2021 1+0	1	0
	2022	1	0	-1
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2020 2021	<u>98</u> 2021 86-2	<u>86</u>	<u>-12</u>
	2022	6	7	+1
	<u>2023</u>	<u>7</u>	<u>5</u>	<u>-2</u>

TABLE NO. 2

<u>Georgia</u>	2021	0
	2022	0
	<u>2023</u>	<u>1</u>
<u>Total</u>	2021	0
	2022	0
	<u>2023</u>	<u>1</u>

TABLE NO. 3

Status of Franchised Outlets for Years ~~2020-2021~~ through ~~2022~~2023*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
	2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Arizona	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
Florida	2020 2021	2	0	<u>0</u>	0	0	0	<u>2</u>
	2021 2022	<u>2</u>	0	<u>0</u>	0	0	0	1
	2022 2023	1	0	0	0	0	0	1
Georgia	2020 2021	2	0	0	0	0	0	2
	2021 2022	2	0	0	0	0	0	2
	2022 2023	2	0	0	<u>0</u>	0	0	<u>2</u>
New Jersey	2020 2021	0	0	0	0	0	0	0
	2021 2022	0	<u>0</u>	0	0	0	0	<u>0</u>
	2022 2023	<u>0</u>	<u>0</u>	0	0	0	0	1
New York	2020 2021	<u>2</u>	0	0	0	0	1	<u>0</u>
	2021 2022	<u>0</u>	0	0	0	0	<u>0</u>	0
	2022 2023	0	0	0	0	0	0	0
North Carolina	2020 2021	1	0	0	0	0	0	1

~~2021~~1000001
~~2022~~1000001
Ohio20200000000
~~2021~~0100001

	2022	1	0	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Ohio	2021	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2022	1	0	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Tennessee	2020 2021	1	0	0	0	0	<u>0</u>	<u>0</u>
	2021 2022	<u>0</u>	0	<u>0</u>	0	0	0	0
	2022 2023	0	0	0	0	0	0	0
Total Outlets*	2020 2021	<u>8</u>	<u>0</u>	<u>0</u>	0	0	<u>2</u>	<u>7</u>

~~2021~~7120015

	2022	5	2	0	0	0	0	7
	2023	<u>7</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>5</u>

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

TABLE NO. 4

Status of Company-Owned Outlets for ~~2020-2021~~ through ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
California	2020 2021	1	0	0	0	0	1

~~2021~~100001
~~2022~~100100
Total2020100001
*

2021100001

	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
Total *	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0

* "Company-Owned" refers to outlets owned by our affiliates.

TABLE NO. 5

Projected Openings for ~~2023-2024~~ As of December 31, ~~2022~~2023

State	Franchise Agreements Signed But Not Opened	Projected New Franchised Outlets in the next Fiscal Year	Projected New Company-Owned Outlets in the Current Fiscal Year
California	1	1	0
North Carolina Illinois	1 2	1 1	0
Total	2 3	2 2	0

Some current and former franchisees have signed a confidentiality clause in a Franchise Agreement, settlement agreement or other contract within the last three years that would restrict their ability to speak openly with you about their experience with us.

A list of our current franchisees as of the end of our fiscal year on December 31, ~~2022-2023~~ is attached to this Disclosure Document as "Exhibit I - 1 A list of franchisees that signed an agreement with us but were not yet operational as of the end of our fiscal year on December 31, ~~2022-2023~~ is attached to this Disclosure Document as "Exhibit 1-2." A list of franchisees that left the System as of the end of our fiscal year on December 31, ~~2022-2023~~ is attached to this Disclosure Document as Exhibit "J-3 ." Other than as listed in Exhibit "J-3." no Franchisee had an agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year, or has not communicated with us within 10 weeks of the date of this 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 created, sponsored, or endorsed any trademark-specific organization of franchisees associated with our franchise system. No independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this FDD as Exhibit C-1 are our audited financial statements as of December 31, ~~2022~~2023, December 31, ~~2021~~2022, and December 31, ~~2020~~2021. Our fiscal year ends on December 31 T*.

Also attached as Exhibit C-2 are the audited financial statements as of December 31, ~~2022~~2023, December 31, ~~2021~~2022, and December ~~31, 2020-31, 2021~~ of CMLF. CMLF is providing Guarantees of Performance solely with respect to California, Hawaii, Minnesota, and Virginia franchisees. Copies of the Guarantee of Performance is attached as Exhibits ~~D-3~~C-3, ~~D-4~~C-4, C-5 and ~~D-5~~C-6.

We are also attaching unaudited financial statements as of ~~September 30~~March 31, ~~2023-2024~~ for both CMLF and CMLS. THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO

ITEM 22

CONTRACTS

The contracts following this Item 22 are listed in the order in which they appear as exhibits to this Franchise Disclosure Document. At this time, these are the only contracts that we expect that we will enter into with a franchisee in any state, although we reserve the right to enter into different types of contracts with its franchisees as our business develops. As a prospective franchisee, you should obtain independent legal and financial advice concerning this franchise offering as you deem appropriate before making any commitment.

Exhibit B: the Franchise Agreement

Addenda to Franchise Agreement:

1. Information Regarding You and ~~the Franchised Business~~ Your Storefront; Territory
2. Owner Agreement
3. Electronic Funds Transfer Authorization
4. Conditional Assignment of Lease
5. Lease Addendum
6. ~~4.Collateral Conditional~~ Assignment
7. ~~5.Franchise Relationship~~ Acknowledgement
8. Renewal Addendum

Exhibit E: Form of General

Release Exhibit F: State-

Specific Addendum Exhibit G:

Compliance Questionnaire

We will not ask you to complete the Compliance Questionnaire, and we will disregard any answers from you, if you live or plan to operate your franchise in the states of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, Wisconsin.

Exhibit H: Confidentiality and Non-Compete Agreement

ITEM

23

RECE

IPTS

Two copies of an acknowledgment of your receipt of this Franchise Disclosure Document are attached to this Franchise Disclosure Document as Exhibit J. Please complete both copies, detach and return the copy marked "Our Copy" to us and keep the other copy in the Franchise Disclosure Document for your own records.

EXHIBIT A
LIST OF STATE AGENTS FOR THE SERVICE OF PROCESS AND
STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

State	Agents for Service of Process	Administrators
California	<p>California Commissioner of Financial Protection and Innovation:</p> <p>Los Angeles:</p> <p>320 West 4th Street, Suite 750 Los Angeles, CA 90012-2344</p> <p>San Diego:</p> <p>1350 Front Street, Suite 2034 San Diego, CA 92101-3697</p> <p>San Francisco:</p> <p>On Sansome Street, #600 San Francisco, CA 94104</p>	<p>Commissioner Department of Financial Protection and Innovation One Sansome Street, #600 San Francisco, CA 94104 (866) 275-2677</p>
Connecticut	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230</p>
Florida	<p>Division of Consumer Services Attn: Business Opportunities Florida Department of Agriculture and Consumer Affairs Mayo Building Tallahassee, FL 32399-0800</p>	<p>Senior Consumer Complaint Analyst Florida Department of Agriculture and Consumer Affairs Mayo Building, Second Floor Tallahassee, FL 32399-0800 (850) 922-2966 or (850) 488-2221</p>
Georgia	<p>Office of the Governor Office of Consumer Affairs 2 Martin Luther King Jr. Drive SES Plaza Level - East Tower Atlanta, GA 30334</p>	<p>Office of Consumer Affairs 2 Martin Luther King Jr. Drive SES Plaza Level - East Tower Atlanta, GA 30334</p>
Hawaii	<p>Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722</p>	<p>Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808)-586-2722</p>
Illinois	<p>Illinois Attorney General Attorney General's Office 500 South Second Street Springfield, IL 62706</p>	<p>Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465 (217) 782-4465</p>
Indiana	Secretary of State	Chief Deputy Commissioner

State	Agents for Service of Process	Administrators
Indiana	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204	<u>Chief Deputy Commissioner</u> Securities Divisions 302 West Washington Street Room E-1 <u>Erl 11</u> Indianapolis, Indiana 46204 (317) <u>(317)</u> 232-6681
Iowa	Securities Division Lucas State Office Building Des Moines IA 50319	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, IA 50319-0066 (515) <u>(515)</u> 281-4441
Kentucky	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875	Attorney General's Office Consumer Protection Division Capital Building Frankfort, KY 40601-01875
Louisiana	[Not applicable]	Department of Justice Consumer Protection Office P.O. Box 94095 Baton Rouge, LA 70804-9095
Maine	[Not applicable]	Securities Division State House - Station 121 Augusta, ME 04333
Maryland	Maryland Securities Commissioner Securities Division 200 Saint Paul Place Baltimore, MD 21202-2020 (410) <u>(410)</u> 576-6360	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360
Michigan	Michigan Department of Commerce Corporations and Securities Bureau 6546 Mercantile Way Lansing, MI 48909	Consumer Protection Division Antitrust and Franchising Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913
Minnesota	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) <u>(651)</u> 539-1600	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN <u>AIN</u> 55101-2198 (651) 539-1600
Nebraska	[Not applicable]	Staff Attorney Department of Banking and Finance 1200 N. Street., Suite 311 PO Box 95006 Lincoln, NE 68509-5006 (402) 471-3445
New Hampshire	[Not applicable]	Office of the Attorney General Consumer Protection and Antitrust Bureau 25 Capitol Street State House Annex Concord, NH 03301

New York

Secretary of State

NYS Department of Law

State	Agents for Service of Process	Administrators
New York	<u>Secretary of State</u> 99 Washington Ave. Albany, NY 12231	<u>NYS Department of Law</u> Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212)416-8222
North Carolina	Securities Division Room 302 300 North Salisbury Street Raleigh, NC 276 <u>H27611</u>	
North Dakota	North Dakota Securities Commissioner 5 th Floor 600 East Boulevard Bismarck, ND 58505 (701) 328-4712	Franchise Examiner Office of Securities Commissioner 600 East Boulevard 5 th Floor Bismarck, ND 58505 (701) 328-4712
Oklahoma	[Not applicable]	Oklahoma Department of Securities The Journal Record Building 621 N. Robinson Street Suite 400 Oklahoma City, OK 73102
Oregon	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
Rhode Island	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920	State of Rhode Island and Providence Plantations Department of Business Regulation 1511 Pontiac Avenue, Bldg. 69-1 Cranston, Rhode Island 02920
South Carolina	Secretary of State Capitol Complex Brown Building 1205 Pendleton Street Room 510 Columbia, SC 29210	[Not applicable]
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid Suite 104 Pierre, SD 57501 (605) <u>(605) 773-3563</u>	Department of Labor and Regulation Division of Securities 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-4823
Texas	[Not applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
Utah	[Not applicable]	Consumer Protection Division Utah Department of Commerce 160 East 300 South P.O. Box 48504 Salt Lake City, UT 84145-0804 (801) 530-6601
Virginia	Clerk of the State Corporation	State Corporation Commission

State	Agents for Service of Process	Administrators
Virginia	Clerk of the State Corporation Commission 1300 E. Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 Main Street, 9 th Floor Richmond, VA 23219
Washington Washington	Director of Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 (360) 902-8760	Administrator Department of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760
Wisconsin	Commissioner of Securities 345 W. Washington Street, 4 th Floor Madison, WI 53703	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701
Federal Trade Commission		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6 th Street NW Washington, DC 20580 (202) 326-3128

Our agent for service of process in Maine (and for all other states) is:

Nicholas R. Loukes
125 John Roberts Road, Unit #2
South Portland, ME 04106

rf%oC°usins
~~^C°usins~~ ~~www~~ Maine Lobster

Exhibit A

Franchise Agreement

SUMMARY	
Effective Date	
Franchisee's Name	
Franchisee's Address	
Approved Location	
Territory	
Signed Lease Deadline	6 months after Effective Date
Opening Deadline	10 months after Effective Date

TABLE OF CONTENTS

1. YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS	3
2. GRANT OF FRANCHISE	5
3. LOCATING, CONSTRUCTING AND EQUIPPING YOUR STOREFRONT	6
4. TERRITORY	8
5. TERM; MANNER OF ACQUIRING SUCCESSOR FRANCHISE	10
6. PAYMENTS.....	11
7. TRADEMARK STANDARD AND USE REQUIREMENTS	13
8. ADVERTISING	15
9. OPERATING YOUR STOREFRONT	17
10. OPERATIONAL ASSISTANCE BY IS	23
11. USE OF TECHNOLOGY.....	25
12. AUDITS; INSPECTIONS	26
13. YOUR OWNERS AND GUARANTORS; RELATIONSHIP BETWEEN THE PARTIES	28
14. INDEMNIFICATION; INSURANCE	30
15. ASSIGNMENT	32
16. COMPETITION; PROTECTION OF OUR CONFIDENTIAL INFORMATION	35
17. DEFAULT; TERMINATION	36
18. POST TERMINATION OBLIGATIONS	40
19. GOVERNING LAW; DISPUTE RESOLUTION	42
20. GENERAL PROVISIONS.....	46

APPENDIX Glossary of Terms

ADDENDA

1. Information Regarding You and Your Storefront; Territory
2. Owner Agreement
3. Electronic Funds Transfer Authorization
4. Conditional Assignment of Lease
5. Lease Addendum
6. Conditional Assignment
7. Franchise Relationship Acknowledgement
8. Renewal Addendum

CML Storefront FA

FRANCHISE AGREEMENT

This Franchise Agreement is entered into on the Effective Date between CML Storefront, EEC, a Maine limited liability company (“we,” “us,” or “our”), and the person or legal entity identified in Addendum 1 to this Agreement (“you” or “your”).

Introduction: This Franchise Agreement

This Franchise Agreement (“Agreement”) is written in a conversational tone to make it easier to read. In the context of the Agreement, CML Storefront, EEC, including all affiliates and subsidiaries, is referred to as “we,” or “us.” When we refer to things we own or obligations we have, we use the word “our.” The person, persons, or legal entity that sign this Agreement are collectively referred to as “you,” and the obligations you have or the things you own are referred to as “your.” When we refer to “you” or “your,” we are also referring to each and every one of your Owners and the obligations that each and every one of your Owners has to us. To further bind you and your Owners, we require each and every one of your Owners who own ten percent (10%) or more of your equity, stock, membership, or partnership interests to sign the Owner Agreement, which is attached as Addendum 2 to this Agreement.

In the Agreement, we sometimes capitalize the words we use. These are called “defined terms,” and whenever we use one of them, we are referring to the definition we have assigned to the word. When a word appears in parentheses, quotes, and bold, we are informing the reader that the word has been defined by the text surrounding the word where it appears. At the end of the Agreement, in the Appendix, we have included a Glossary of Terms to help you easily locate the definition of a defined term.

RECITALS

A. We own a System for the establishment and operation of fast-casual restaurants that sell lobster as well as other seafood, soups, breads, and food items, operated under the Marks and System using our Intellectual Property and Confidential Information (each, a “**Storefront**”).

B. We have ownership rights to, have registered and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include but are not limited to, “Cousins” and “Cousins Maine Lobster” (“**Marks**”).

C. We have the right to license the Marks and the System in connection with the operation of Storefronts.

D. You want to obtain the rights to use the Marks and want to be assisted, trained, and licensed by us, as our franchisee, to use the System and the Marks in the operation of your Storefront, and we are willing to grant you such rights under the terms and conditions of this Agreement.

You and we therefore agree as follows:

1. YOUR COVENANTS, UNDERSTANDINGS, AND REPRESENTATIONS

You understand, represent to us, certify, and agree to the following:

1.1. System Modifications. We reserve the right to modify any aspect or element of the Trade Dress and/or the System. This includes, but is not limited to, our right to: (1) modify, change or abandon the strategy on which Storefront are currently based; (2) add or change the standards for customer service and products; and (3) require the use of new or different equipment, Trade Dress, or Marks. We will

represents, warrants and agrees that the statements in **Addendum 1** are current, complete and accurate. You agree that updates or changes to **Addendum 1** will be furnished promptly to us, so that it (as revised and signed by you) is at all times current, complete and accurate; you acknowledge that this requirement to maintain the accuracy of Addendum 1 in no way amounts to a waiver of any of our rights related to the transfer of ownership interests in the Business Entity.

1.7. **Anti-Terrorism Laws**. Neither you, nor your Owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224. (The Annex is available at <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/terror.pdf>.) You agree not to hire or have any dealings with any person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your Owners, principals, employees, or anyone associated with you being listed in the Annex to Executive Order 13224. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws. In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being “blocked”² under any of the Anti-Terrorism Laws and that you and your Owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities in this Agreement pertain to your obligations under this Section.

1.8. **Defined Terms**. Capitalized terms are used in this Agreement with the meanings assigned in the Glossary of Terms attached as the **Appendix**.

1.9. **Source of Lobster**. All of our lobster is the species *Homarus Americanus*, which is a North American lobster species that is commonly known as Maine lobster. Our lobster may be caught in American or Canadian waters, and is cooked in American and/or Canadian processing plants. Our priority is in supporting our industry in Maine and the USA, but occasionally due to the seasonality of the product and supply and demand constraints, we look to Canada for sourcing.

1.10. **Lobster Yields**. As a natural (and live) product, there are several factors that can affect the amount of usable meat that is in any processed batch of lobster, including the season in which the lobster is harvested; the manner in which the product is handled on your end; the company that processes the lobster; and the water weight content of the processed lobster. Due to these and other factors, we cannot control the amount of usable lobster meat yielded per pound of lobster that you order from us or our Affiliate(s).

2. **GRANT OF FRANCHISE**

2.1. **Grant of franchise**. Subject to the terms and conditions of this Agreement, we grant you the right to operate one (1) Storefront only within the Territory as identified in **Addendum 1**, for a period of ten (10) years from the date of this Agreement (the “**Storefront**”). You agree to equip and operate, under the terms of this Agreement and the Operations Manual, a single Storefront operating under the System offering specific Authorized Products and Authorized Services as specified by us, only under the Marks and only within the Territory.

2.2. **Restrictions on License**. You do not have the right to grant franchises or sub-licenses of any kind to any other party, nor do you have the right to operate more than one Storefront within the Territory, unless otherwise provided by separate agreement. You will not allow any part of your Storefront to be used for any purpose other than that explicitly granted to you by this Agreement or identified in the Operations Manual.

executed. OUR REVIEW OF A LEASE, OR ANY ADVICE OR RECOMMENDATION OFFERED BY US, WILL NOT CONSTITUTE A REPRESENTATION OR GUARANTEE THAT YOU WILL SUCCEED AT THE APPROVED LOCATION, NOR WILL IT CONSTITUTE ANY EXPRESSION OF OUR OPINION REGARDING THE TERMS OF THE LEASE. You must sign a lease we have approved for a location we have approved no later than six (6) months after the Effective Date. If you fail to meet this deadline, we will have the right to terminate this Agreement.

3.4. Required Lease Terms. You must execute a “Collateral Assignment of Lease¹²” in the form found in **Addendum 4**, whereby you agree to assign your rights in the lease to us in the event of a termination or expiration of the Term of this Agreement or a default under the lease, if we notify you of our desire to assume the lease. In addition, the lease must, unless we otherwise consent in writing, be modified by the Addendum to the Lease, attached as **Addendum 5**.

3.5. Obtain Our Approval of Your Plans. You must ensure that you, or our Approved Supplier, submits to us for approval all construction plans, specifications, and any proposed deviations for any construction and any remodeling of your Storefront. We will approve or disapprove such plans within thirty (30) days of the date you submit them to us. Our approval of construction plans and specifications is not a warranty of their appropriateness, and means only that they comply with our minimum specifications. You must construct your Storefront consistent with the plans we approve.

3.6. Developing Your Storefront. We will communicate with you and the Approved Supplier for the initial design and construction of your Storefront regarding our standards and specifications for the design, layout, appearance and equipment in your Storefront. You, however, are solely responsible for all aspects of developing and constructing your Storefront. This means that you must, at your own expense: (a) secure all financing to develop and operate your Storefront and acquire and maintain adequate capital reserves; (b) pay all applicable state, county, and municipality taxes, permit costs, and/or fees associated with construction; (c) obtain all required permits and licenses; (d) purchase insurance and warranties for your Storefront; (e) obtain all building inspections, approvals, occupancy and/or construction permits; and (f) engage a licensed architect and licensed contractor(s) or construction manager to construct, remodel, renovate, and/or equip all improvements to your Storefront and decorate it according to the plans and specifications that we approve, and in accordance with the requirements of your lease, and communicate with us about your chosen architects, contractors, or managers. In most cases, you will be required to work with our Approved Supplier to manage most aspects of this process, but in every case you will be responsible for complying with this Section 3.6.

3.7. Opening Deadline. You agree that your Storefront will be completed, open and operating, no later than ten (10) months after the Effective Date (the “**Opening Deadline¹³**”), unless we otherwise agree or direct you in writing to postpone commencement of operations. If you fail to open your Storefront on or before the Opening Deadline (as extended, if applicable, by your payment of the delayed opening fee stated in Section 3.8), we will have the right to deem your failure to constitute a material default of this Agreement, and we will have the right to terminate the Agreement, without refunding any fees that you have paid to us. **You must obtain our written approval before operating your Storefront, and you must notify us of your anticipated opening event at least thirty (30) days in advance of that date.** We reserve the right to make the final determination on the exact opening date of your Storefront based on any reason or circumstance that we in our sole discretion feel is in the best interests of the System as a whole. We will provide you with written notice of the determined opening date at least thirty (30) days in advance of that determined date of which your Storefront operations shall commence.

3.8. Delayed Opening Fee. If you do not open and begin operating your ~~Food Truck Storefront~~ on or before the Opening Deadline, and subject to our prior written approval, you must pay us a fee of ten thousand dollars (\$10,000) for each month you wish to extend the Opening Deadline, for up to three (3) months (“**Delayed Opening Fee¹⁴**”).

4. TERRITORY

4.1. Territory. Subject to the terms and conditions of this Agreement (including Section 4.2) and provided you are not in material default of this Agreement and/or any other agreement between us (or any of our Affiliates), which default remains uncured after the expiration of an applicable cure period (if any), we will not during the Term operate, nor permit any third party to operate, a Storefront under the Marks within the Territory. Your Territory is identified in Addendum 1. You will only operate and advertise your Storefront, and you will only advertise and sell Authorized Products and Services, within the Territory and nowhere else (unless you have our written permission to operate or advertise outside of the Territory).

4.1.1. If your Approved Location has not been identified as of the Effective Date, it will be identified, and entered on Addendum 1, at the time you obtain our approval of it. You and we will describe your *anticipated* location in general terms in the “general description¹²” in Section B of Addendum 1. Your and our listing of the general description of your location does not give you any rights of exclusivity in the identified area, and is only used for a reference. We may sell other Storefronts or Food Trucks in the area identified in Section B of Addendum 1.

4.1.2. After we have approved a location for your Storefront, we will enter it in Section C of Addendum 1. The Territory is dependent on the location of your Storefront.

4.1.3. If your Approved Location is at a Non-Traditional Location, your Territory will consist only of the Non-Traditional Location.

4.2. Exclusions from Territory; No Other Protection. You acknowledge that, other than the limited exclusivity we grant you in Section 4.1, we and our Affiliates retain all other rights within your Territory (if we grant one to you), including, but not limited to, the right to:

4.2.1. Use, franchise, or license other persons to use, the Marks and System for the operation of Storefronts, Food Trucks, other Cousins Maine Lobster® restaurants or any other businesses that are similar or dissimilar to your Storefront at any location outside of the Territory.

4.2.2. Use, franchise and license other third parties to use, the Marks and System for the operation of Storefronts or Food Trucks at any Non-Traditional Location, even if it or they are inside of the Territory.

4.2.3. Sell Authorized Products or provide Authorized Services under the Marks and System to customers located within your Territory.

4.2.4. Allow Food Trucks to: (i) operate within your Territory (except within one-half (~~1/2~~ 1/4) mile of your Storefront); or (ii) locate a commissary or prep-kitchen within your Territory.

4.2.5. Use, franchise, or license the use of trademarks other than the Marks, whether in alternative channels of distribution or otherwise, at any location including a location or locations inside of the Territory, in association with operations that are similar to, the same as, or different from Storefronts.

4.2.6. Offer or sell Authorized Products and Services, or grant others the right to offer and sell Authorized Products and Services, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including, without limitation, wholesalers, retail outlets, or by Internet commerce (e-commerce), mail order or otherwise, regardless of whether it is inside or outside of the Territory.

4.2.7. Maintain any websites or social media sites utilizing domain names or identifiers incorporating

the Marks or derivatives of them. We retain the sole right to advertise and market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, metatags, linking, advertising, and co-branding and other arrangements.

4.2.8. Acquire, merge, combine with, or be acquired by businesses that are the same as or similar to your Storefronts and operate such businesses regardless of where such businesses are located, including inside the Territory, and to be acquired by any third party which operates businesses that are the same as, or similar to, your Storefronts, regardless of where such businesses are located, including inside the Territory. We will not, however, re-brand any such businesses located inside the Territory by allowing them to use the Marks.

4.3. Limitations Operating Outside of Your Territory. You will be permitted to temporarily operate at pop-up locations or events in areas contiguous to the Territory in which there is no operating Storefront or Food Truck with Territory rights (each an “**Unassigned Territory**”²) provided you seek and obtain prior written approval from us as mandated within the Operations Manual. You acknowledge that other Storefronts neighboring your area will have similar opportunities to provide services within the Unassigned Territory. You will not receive any right of first refusal or any other type of rights to an Unassigned Territory because you operate or operated there. We may sell any Unassigned Territory at any time, without giving you advance notice. After we give you notice to cease operating in the Unassigned Territory, you must do so immediately. You must, if asked to do so (and without compensation), orderly transition your customers (including your catering customers) in the applicable Unassigned Territory to our designee.

4.4. Special Accounts. We have the exclusive right to contract with Special Accounts anywhere, including within the Territory.

4.4.1. If we establish a contract for facilities of a Special Account located in the Territory, we will offer you the first option of providing the services to the Special Account within in the Territory at the prices and subject to the contract requirements we negotiate with the Special Account. If you accept the project, we will collect all amounts due from the Special Account and remit to you the amount due for products and services rendered Special Account, less the amount of Royalty Fees and other fees due under this Agreement. All amounts collected from Special Accounts on your behalf or by you will be included in your Gross Sales for purposes of calculating royalties.

4.4.2. If you decline to accept the opportunity to work with the Special Account, we will have the unfettered right to fulfill the contract requirements to the Special Account in the Territory in any manner we deem suitable, including through another Cousins Maine Lobster® franchise or business owned by us or our Affiliate, or through a third-party contractor.

4.4.3. If at any time a Special Account for any reasonably requests that services in the Territory be provided by someone other than you, we may revoke your option or right to provide or continue to provide the services and may fulfill the contract requirements of the Special Account in the Territory in any manner we deem suitable.

4.5. Catering and Delivery Services. If you want to offer pop-ups or in-home catering service to customers within the Territory, you will be required, at your sole cost and expense, to obtain insurance, catering and delivery equipment and menus, approved by us, as set forth in the Operations Manual, prior to offering pop-ups or in-home catering service to customers. You must follow the policies stated in the Operations Manual while providing pop-ups or in-home catering service to customers. Any income from pop-ups or in-home catering service to customers must be included in your Gross Sales reporting.

5 ~~5~~ **TERM; MANNER OF ACQUIRING SUCCESSOR FRANCHISE**

5.1. Term. The term of this Agreement (the "~~Term~~"**"Term"**) commences on the Effective Date, and, unless sooner terminated in accordance with Article 17, will expire on the tenth (~~1st~~**10th**) anniversary of the date you open and begin operating your Storefront (the "**Commencement Date**"~~"),~~).

5.2. Manner of Acquiring Successor Franchise. After the expiration of the initial Term, you may, at your option, acquire a successor franchise for an additional term of five (5) years, unless you are signing this Agreement under a successor franchise agreement for an existing Storefront. To qualify for a successor franchise, we have the right to insist on your fulfillment of any or all of the following conditions:

5.2.1. You must give us written notice of your election to acquire a successor franchise not less than six (6) months nor more than nine (9) month prior to the end of the Term.

5.2.2. You must execute our then-current standard form of franchise agreement (the "**Successor Franchise Agreement**"~~"),~~), which may, in our sole discretion, include substantially different terms than those contained in this Agreement, including but not limited to, higher, additional, or different fees (including a higher Royalty Fee and Advertising Fund Contribution) and a smaller Territory, but you will not have to pay a new Initial Franchise Fee. We will not, in any case, increase the Royalty Fee in your Successor Franchise Agreement by more than one percent (1%) above the one contained in this Agreement.

5.2.3. You and each of your Owners must have executed a general release, in our then-current form (the current form is attached to the Franchise Disclosure Document as **Exhibit F**), of any and all claims against us and our ~~Affiliates~~Affidates and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release you give us will not be inconsistent with any state law regulating franchising.

5.2.4. You are not then in default of any provision of this Agreement, or any amendment of or successor to this Agreement, or any other agreement between you and us or our Affiliates, and you have not committed and received notice of two (2) or more breaches of this Agreement during any twelve-(12) month period during the Term, even if such breaches were timely remedied.

5.2.5. You must make, in a manner satisfactory to us, such changes as may be necessary to bring your Storefront up to our current standards, including, without limitation, installation of new equipment and software and the remodeling and/or renovation of the Storefront to reflect the then-current standards and image of the System. You must also reimburse us for our expenses relating to inspecting your Storefront to confirm that you have complied with this Section 5.2.5.

5.2.6. You must provide proof that you have all current licenses, insurance, and permits in compliance with Fegal Requirements for you to continue operating your Storefront.

5.2.7. You must be compliant with our then-current qualification and training requirements.

5.2.8. You must pay us a successor franchise fee of ten thousand US dollars (\$10,000) (“**Successor Franchise Fee**”).

5.2.9. Your failure or refusal to execute the Successor Agreement within thirty (30) days after delivery to you may be regarded as an election by you not to renew.

5.3. Interim Term. If you do not sign the Successor Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after it expires, then at our option, this Agreement may be treated either as: (i) expired as of the date of expiration with you then operating without a Storefront to do so; or (ii) continued on a month-to-month basis (“**Interim Term**”) until one party provides the other with written notice of such party’s intent to terminate the Interim Term, in which case the Interim Term will terminate thirty (30) days after the date of the notice to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement will be deemed to take effect upon termination of the Interim Term. In this Agreement, all references to the Term will include any Interim Term. During the Interim Term, your Royalty Fee will be equal to our then-current Royalty Fee, plus two percent (2%).

5.4. No Credit Terms. If you: (i) do not timely provide us with the renewal notice required under Section 5.2.1; (ii) do not fulfill all of the conditions stated in Section 5.2 and we decline to offer you a successor franchise, then during the last six (6) months of your Term you must pay in advance for all products you order from us or our Affiliates.

6 ~~6~~ **PAYMENTS**

6.1. Initial Franchise Fee. In consideration of the parties’ promises and covenants to one another, you must pay us a ~~non-refundable~~non-refundable, lump-sum initial franchise fee of forty thousand US Dollars (\$40,000) upon execution of this Agreement (“**Initial Franchise Fee**”) via wire transfer.

6.2. Royalty Fee. You must pay us, on or before the fifth calendar day of each month, a continuing royalty fee (“**Royalty Fee**”) equal to the greater of: (a) six percent (6%) of your Gross Sales that you earned during the prior calendar month just-ended; or (b) three thousand five hundred dollars (\$3,500).

6.3. Contribution to Advertising Fund. ~~At our option, we can require you to~~ You must pay us, on or before the fifth calendar day of each month, a contribution to the Advertising Fund up to two percent (2%) of your total Gross Sales (the “**Advertising Fund Contribution**”) during the calendar month just-ended. We will deposit the Advertising Fund Contribution into a shared advertising and marketing fund that we and our Affiliate jointly maintain for Storefronts and Food Trucks (“**Advertising Fund**”).

6.4. Technology Expenses. You must pay our Approved Suppliers their current fee, which may be assessed on a monthly basis, for providing to you the Technology Products, credit card processing, and other modules that we require.

6.5. Purchase of Inventory. You must purchase all lobster, seafood, and other inventory from our Affiliate, which is the only Approved Supplier of certain inventory items. You must also purchase an initial supply of inventory from our Affiliate, which will cost between \$30,000 and \$80,000, depending on the size and location of your franchise, time of the season, suppliers, and other related factors. Payment for the initial inventory package is due within 18 days of placing your order. If you default in the payment of any amounts you owe our Affiliate, we have the right to require you to pay for all inventory items in advance, via wire transfer.

6.6. Deposit Account. Upon signing this Agreement, you must pay us \$20,000, which will be held by us in our bank account for your benefit (the “~~Deposit Account~~”). We have the right to use the money in the Deposit Account to pay our Affiliate for any inventory you order that you do not pay for, or to apply it to fees that you owe us but do not pay, but our using the funds for these purposes will not be considered a cure of any default you commit, and you will be required to replenish the funds in the Deposit Account so that \$20,000 remains on deposit with us. If this Agreement expires and you do not obtain a Successor Franchise Agreement, we will (at your option) either refund to you any balance remaining in the Deposit Account (without interest), or apply it to your inventory purchases from our Affiliate during the final two months of the Term.

6.7. Time and Manner of Payments. With the exception of the Initial Franchise Fee, we may require you to make all payments owed under this Agreement by means of electronic funds transfer (“EFT”), or such other manner that we designate from time-to-time. You must ensure that each Royalty Fee and Advertising Fund Contribution payment is, without exception, accompanied by a statement of your Gross Sales during the just-ended calendar month on a form approved by us, which form may be electronic.

6.7.1. You agree to comply with procedures specified by us and/or perform such acts and deliver and execute such documents, including authorization for direct debits from your business bank operating account, as may be necessary to assist in or accomplish payment by such method, and to execute our “EFT Authorization Agreement,” which is attached to this Agreement as Addendum 3. Under this procedure, you authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest charged due on those amounts. You must make funds available to us for withdrawal by electronic transfer no later than the fifth calendar day of each month. If your payment is late, we have the option to require you to pay us via wire transfer.

6.7.2. If funds in your account are insufficient to cover the amounts payable at the time we make our funds transfer request, the amount of the shortfall is overdue and is subject to the terms set forth in this Agreement for overdue payments, in addition to any other remedies we have.

6.7.3. If you have not timely reported your Gross Sales to us for any calendar month, then we will have the right to debit your account, at our option, in an amount equal to: (a) one hundred and twenty percent (120%) of the fees transferred from your account for the last calendar month for which you provided a report of your Gross Sales to us; (b) the amount due based on information retrieved from the CMU Mobile App and POS System; or (c) the monthly rate of three thousand five hundred dollars (\$3,500).

6.8. Application of Funds: Withholding of Payments. If you become delinquent in the payment of any monetary obligation to us, we will have the absolute right to apply any payments received from you to any obligation owed, whether under this Agreement, or under any other agreement, between you and us, notwithstanding any other designation by you as to application. You agree that you will never withhold payment of any amount due to us or our Affiliates for any reason at any time, including but not limited to: (a) your claim that we have not performed any one of our obligations under this Agreement; or (b) any other claim against us or dispute with us of any kind or nature.

6.9. Fate Payments. If we do not timely receive any fee or any other amount due under this Agreement on or before the applicable due date, you will pay us a late fee equal to fifty dollars (\$50) for each day your payment is late, plus the lesser of the: (a) daily equivalent of one and one-half percent (1.5%) per month simple interest of any overdue amount; or (b) highest rate then permitted by applicable law, for each day any amount is past due, accruing until the past-due amount is paid in full. This provision does not permit or excuse late payments.

6.10. Default Fee; Reimbursement of our Costs of Collection or Enforcement. If we are required to engage a collection agency, use legal counsel, or hire any third party in connection with any failure by you to pay us amounts when they are due, your failure to submit when due any reports, information, or supporting records, or in connection with any failure by you to otherwise comply with this Agreement, you must reimburse us for all costs and expenses of enforcement and collection, including our reasonable: (a) legal fees; (b) investigation fees; (c) travel expenses of our employees or agents; and (d) hourly charges of our employees or agents. Additionally, we have the right to charge you a fee of three hundred dollars (\$300) for each default you commit under this Agreement. These amounts must be paid to us by you within five (5) days after you cure the default, or upon demand by us if your default is not cured.

6.11. Taxes. All payment obligations pertaining to your Storefront, including all trade payables and other indebtedness of every kind and all federal, provincial, state and municipal taxes and charges, are solely your obligations and not ours. We will not be liable for any sales, service, use, excise, income, gross receipts, property, payroll or other taxes levied against you or your assets, or against us, in connection with your Storefront, or any payments you make to us under this Agreement or any other agreement. You must reimburse us for any gross receipts, sales, income, use or other tax assessed by any taxing authority in the state where your Territory is located, on any fees or other amounts payable by you to us under this Agreement. We will not be liable or responsible for your compliance (or failure to comply) with any and all Legal Requirements.

6.12. Payments to Others. All payment obligations pertaining to your Storefront, including all trade payables and other indebtedness of every kind are solely your obligations and not ours. You agree to pay all of your suppliers (including Approved Suppliers), distributors, lessors, contractors, suppliers, trade creditors, employees, and other creditors promptly as the debts and obligations to such persons become due. If you fail to pay any such obligations promptly as the debts to such persons or entities become due, we have the right (but not the obligation) to pay such obligations on your behalf, and you must immediately reimburse us for the amount or amounts paid, together with interest at the rate of eighteen percent (18%) per annum, or the maximum rate permitted by law, whichever is less, beginning on the date we make the payment.

7 TRADEMARK STANDARD AND USE REQUIREMENTS

7.1. Ownership. You agree that the Marks, Intellectual Property, and System are our (or our ~~Affiliate(s)~~ Affiliate(s)) exclusive property, and that you will never assert any claim to any goodwill, reputation or ownership relating to or associated with the Marks or Intellectual Property. You also recognize that all goodwill relating to your use of the Marks belongs solely to us, and not to you, and that after this Agreement expires, is terminated, or Transferred, you will have no right to any such goodwill. You will use the Marks in strict conformity to the Operations Manual. You will never engage in any conduct directly or indirectly, or assist another party to engage in any conduct, that would infringe upon, harm or cause damage to the Marks. You will not contest or assist any other party to contest our rights in any of the Marks or the goodwill associated with the Marks. You will not use, or assist others to use, the Marks in a derogatory, negative or other inappropriate manner in any medium. You agree to provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all rights, title and interest in and to the Marks, including all items we reasonably request to assist us in registering, maintaining and enforcing our rights in the Marks. You acknowledge that we will suffer irreparable damage and will have no adequate remedy at law as a result of your unauthorized or infringing use of the Marks, and you agree that we will have the right to seek injunctive relief in a court of competent jurisdiction in the event that you use the

Marks in an unauthorized or infringing manner. You agree to comply with all of our requirements when you use the Marks, and that you will never engage in any activity that we determine to be harmful to the reputation of us, the Marks, the System, or Storefronts generally.

7.2. Changes. We, from time to time in our discretion, may modify all or any part of the Marks. We may require you to use one or more additional or substitute Marks. You will have no rights or claim of damages, offset, or right to terminate this Agreement as a result of any such modification and we will not have any liability or obligation to you with respect to your required modification or discontinuance of any Marks. Within sixty (60) days of receiving notice of such modifications, you must cease using the former Marks and commence using the modified Marks at your sole cost and expense.

7.3. Permitted Use. Your right to use: the Marks; any proprietary software; other materials in which we claim a copyright, trademark, or other right to exclusive use; the Trade Dress; trade secrets; Confidential Information; and other Intellectual Property as granted in this Agreement, is limited to your use of those materials, items, or Intellectual Property in connection with your operation of your Storefront, and otherwise as described in this Agreement and as authorized in the Operations Manual, or as we may prescribe in writing from time to time.

7.3.1. You may use only the Marks to identify and distinguish the services offered by you. You cannot use Intellectual Property for any service or product that is not specifically authorized in the Agreement or Operations Manual without our express written consent. You must comply with all of our trademark, trade name and service mark notice marking requirements, including affixing "SMSM" "TM," or "®," adjacent to all Marks in any and all uses of the Marks.

7.3.2. You will not use anything that resembles or is deceptively or confusingly similar to the Marks, the System, or the Intellectual Property, in any manner or for any purpose, or do anything that would dilute, directly or indirectly, the value of the goodwill associated with the Marks, nor counsel, procure or assist anyone else to do the same. You will use the Marks only for the uses and in the manner we permit. You acknowledge that you are required, to the extent possible, to prevent persons or parties associated with or employed by you from using the Marks and/or Intellectual Property in an unauthorized manner.

7.4. No Representations or Warranties. WE MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

7.5. Internet, Social Media, and Domain Name. During the Term of this Agreement, we will list your Storefront Territory on our Internet website. You, your employees, independent contractors, sales associates and representatives may not use, license, or register any domain name or URL (or other means of identifying you or your Storefront on the Internet) that uses a mark, image, or words confusingly similar to the Marks or any abbreviation, acronym, or phonetic or visual variation of the Marks without our prior written consent. At our request, you must promptly assign or redirect (or cause to be assigned or redirected) to us any domain name, URL, or other identification that violates this Agreement or the policies stated in the Operations Manual at your expense and without compensation from us. The content you submit to us or use for any Internet marketing must be true, correct and accurate. At our request, you will promptly modify any of your Internet marketing material containing the Marks to conform to the standards stated in the Operations Manual. You agree and acknowledge that your on-line promotional strategies must comply with our on-line policy. You further agree and acknowledge that we may review, monitor, and require changes to all on-line content on your websites, social media sites, blogs, electronic communication and other on-line sites on which our Marks or Intellectual Property are used. You must provide us with full, administrator-level rights to access and administer all social media accounts that relate to your Storefront.

7.6. Infringement. You must notify us of: (a) any litigation relating to the Marks; or (b) suspected infringement upon the Marks or the Intellectual Property, but you may not take any action against suspected infringers without our express written permission. You must notify us within three (3) days after receiving notice of any claim based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any imitation of them. If you notify us in a timely manner of a claim against you relating to the Marks, we will have the exclusive right (but not the obligation) to contest, defend against, or bring an action against, any third party regarding the third party's use of any of the Marks. In the event we take legal action to protect our Marks or authorize you to do so, we will be responsible for all costs (including reasonable attorneys' fees) related to such legal action. You must execute any and all documents, do such acts and things that may be necessary, and cooperate with us and with any action undertaken by us concerning litigation relating to the Marks.

8. ADVERTISING

8.1. Your Local Advertising. All of your advertising, promotion and marketing must be completely clear and factual and not misleading, and must conform to the highest standards of ethical marketing and the policies which we prescribe from time to time, in the Operations Manual or otherwise. You may not use any advertising or promotional materials that we have disapproved at any time or for any purpose, and you may not advertise your Storefront in connection with any other business without our written consent. You must spend at least \$400 per month on local advertising and marketing for your Storefront. On a monthly basis, you must provide us with a report (including receipts) demonstrating your compliance with this requirement.

8.1.1. You will provide to us for our prior review, samples of any and all advertising and promotional material, public relations programs, press releases, radio and television advertising, specialty and novelty items and signs bearing the Marks, before you use them in your local advertising program. With the exception of advertising materials created and provided to you by us, at least fifteen (15) days before using them, you must submit to us all advertising materials you intend to use, which approval will be in our sole discretion. You may not use such materials until they have been approved by us, and you must promptly discontinue use of any advertising material upon our request. If we have not responded to your request in writing within fifteen (15) days of receiving your advertising material, you must resubmit them. If we have not responded to your request in writing within seven (7) days of your resubmitting the material to us, they will be deemed approved.

8.1.2. At your request, we will provide to you advertising and promotional materials that we have pre-approved for you to use in marketing your Storefront. We may require you to reimburse us for our costs of creating them.

8.2. Grand Opening Advertising. You must spend a minimum of between \$1,000 and \$2,500 on grand opening advertising before you begin operating, and within the first two (2) months of beginning to operate, your Storefront. You may choose to spend more.

8.3. Advertising Fund. We and our Affiliate maintain a combined Advertising Fund to promote public awareness of the Marks and to improve our System, including Storefronts and Food Trucks. We and our Affiliate may use the fund to pay for any of the following in our discretion: (i) developing maintaining, administering, directing, preparing, or reviewing advertising and marketing materials, promotions and programs; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for contributions to the fund; (xii) preparing and distributing financial

accountings of the fund; (xiii) any other programs we deem necessary or appropriate to promote or improve the System; and (xiv) our and our Affiliates' expenses associated with direct or indirect labor, administrative, overhead or other expenses incurred in relation to any of these activities. We will not use the Advertising Fund for creating or placing any advertisement that is principally a solicitation for new franchises, but we may include information concerning franchise opportunities in advertising prepared using the Advertising Fund.

8.4. Your Acknowledgement. You agree and acknowledge that the Advertising Fund is intended to maximize general public recognition and acceptance of the Marks for the benefit of the System generally and that we have no obligation, in administering the Advertising Fund, to make expenditures for you that are equivalent or proportionate to your Advertising Fund Fee contributions, ~~or to~~ or to ensure that your Storefront or any other particular franchisee within the System benefits directly or pro rata from the advertising or promotion conducted or developed by the Advertising Fund. You further acknowledge that we (and our Affiliates) own all rights, and retain all copyrights, in all design and content developed using the Advertising Fund, and that we will have sole control over the creative concepts, content, form, and media placement of all advertising and promotional materials developed with the Advertising Fund, as well as the specific ways the Advertising Fund is allocated to production, placement, and other costs. We have no fiduciary duty to you or to any other person with respect to the collection or expenditure of the Advertising Fund. Our sole duty regarding the Advertising Fund is to spend the money only in the ways described in this Article 8. Each Storefront or Storefront owned by us, or our Affiliate(s), will contribute to the Advertising Fund on the same basis and at the same percentage as you do. We have the right to terminate the Advertising Fund at any time, but we will not do so until all money from the Advertising Fund is spent in accordance with Section 8.3.

8.5. Fund Accounting. All contributions to the Advertising Fund will be deposited into and disbursed from a bank account which may be commingled with our other accounts, except that we will account for the Advertising Fund separately from the other ~~funds~~ Hinds in such account(s). Upon your written request that is at least ninety (90) days after the end of the calendar year, we will furnish to you a report for the preceding year showing the expenditures made from the Advertising Fund during such calendar year and amount remaining for use (if any) during the following year. This report will not be audited.

8.6. Advertising "Suggested Retail Prices." In national or regional advertising programs, we may include suggested retail prices for the goods and services sold by you and our other Storefronts and Storefronts. We will include within all our advertising the phrase "available at participating locations only" or other cautionary language to advise the consumer that the suggested retail prices may not be adhered to by all our Storefronts or Storefronts. We may compel you to change suggested retail prices to the extent permitted by state and federal laws and regulations.

8.7. Promotional Campaigns. We may periodically develop and market national, regional, or System- wide promotional and marketing campaigns which may include special discounts or free coupon programs. We will notify you of the creation and provisions of such a program, and we will tell you whether your participation is mandatory or optional. Within five (5) days after receipt of the notice, you will advise us whether or not you wish to participate in an optional program. You must adhere to all provisions of the program. If you elect to be excluded from an optional program, we will have the right to advise consumers, by advertising, sales solicitation or otherwise, that you are not participating. We will establish the discount or coupon programs in our sole discretion and will not have any obligations to consult or confer with you or any other of our Storefronts or Storefronts with respect to the nature, content or amount of any discount or coupon established pursuant to any program.

8.8. E-commerce. You must display, publish, and distribute information and cooperate with us in our online product sales efforts as we may require and direct without compensation.

8.9. Presence in Local Phone Directories. You will maintain a standard business listing in the local telephone or online directories that service your territory and the areas immediately surrounding the territory.

8.10. Cooperative Advertising. We have the right, in our sole discretion, to designate geographic areas for purposes of establishing local or regional advertising cooperatives ("**Cooperatives**") comprised of the Storefronts located within such geographic area. If your Storefront is within the territory of an existing Cooperative at the time you open for business, you must immediately begin participating in the Cooperative. If a Cooperative applicable to your Storefront is established during the Term, you must begin participating no later than thirty (30) days ~~after the~~ after the date the Cooperative begins operating. In no event will your Storefront be required to contribute to more than one Cooperative; however, if you own multiple Storefronts, each Storefront owned by you will be required to contribute to the Cooperative applicable to that Storefront. We (or our Affiliates, as the case may be) will become a member in any Cooperative established for an area that includes a Storefront owned by us or our Affiliates. The following provisions will apply to each Cooperative:

8.10.1. Purpose: Governance. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, promotional materials for use by members in local advertising. Each Cooperative will be organized and governed in a form and manner, and will commence operations on a date, that we approve in advance in writing. Each Storefront within a Cooperative will have one (1) vote for any matters on which the Cooperative's members are permitted to vote. We reserve the right to change, in our sole discretion, the form and manner of the organization and governance of any Cooperative and you agree to implement any such change immediately upon notice from us. No changes in the bylaws or other governing documents of a Cooperative will be made without our prior written consent.

8.10.2. Approval. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior approval.

8.10.3. Contribution Amount. You and each other member of the Cooperative must contribute to the Cooperative on a monthly or other periodic basis, on such specific days as established by the Cooperative or by us, the amount determined by the membership. We can set the amount of your required contribution to the Cooperative in our discretion, but we will not require you to spend more than \$400 per month towards your Cooperative contribution. Your contributions towards the Cooperative will be credited towards your Local Advertising Requirement. Each required contribution will be submitted together with such statements or reports as we may require, or by the Cooperative with our prior written approval.

8.10.4. Statements: Audit. The Cooperative must, on an annual basis, prepare an unaudited statement of the Cooperative's financial position and submit them to us. We and our designated agents will have the right to examine, copy, and audit, at our expense, on reasonable notice and during normal business hours, the books, records, and accounts of any Cooperative.

9 OPERATING YOUR STOREFRONT

9.1. Designated Manager. Your Storefront must at all times be operated under your direct supervision if you are an individual. If you are a Business Entity, your Storefront must be operated under the direct supervision of your manager who: (i) is approved by us; (ii) has successfully completed the Initial Training Program and all other training programs required by us from time to time; and (iii) devotes his or her full time and best efforts to operating your Storefront (your "**Designated Manager**"²). We have the right to deal with the Designated Manager on matters pertaining to day-to-day operations of, and reporting requirements for, your Storefront. Your initial Designated Manager is identified on Addendum 1. In the event that the Designated Manager elects to end his/her relationship with you, you must replace the Designated Manager within thirty (30) days and submit his/her qualifications to us for review.

9.2. Sale of Authorized Products and Services Only. You acknowledge that it is critically important to the System that all products and services sold by your Storefront meet our quality standards. You must advertise and sell only Authorized Products and Services. You acknowledge that you may not be permitted to sell all Authorized Products and Services at all times, and that you will discontinue selling any products or services that we have disapproved, even if they were previously included in our Authorized Products and Services. Except as specifically authorized by us, you may not advertise or sell any Authorized Products or Services outside of your Storefront or to any customer for the purpose of resale by the customer. You agree to comply with all mandatory specifications, standards and operating procedures, as modified from time to time (whether contained in the Operations Manual or any other communication) relating to the appearance, function, cleanliness or operation of the Storefront, including:

9.2.1. Design, layout, decor, appearance and lighting; periodic maintenance, cleaning, pest control and sanitation; use of interior and exterior signs, emblems, lettering and logos and the illumination of them. Your signs must conform in all respects to our specifications and requirements and the layout and design plan that we approve, subject only to restrictions imposed by Legal Requirements.

9.2.2. Types, suppliers, models and brands of required fixtures, furnishings, food items, products, materials, items, equipment, signs, materials, supplies, and paper goods. You acknowledge and agree that from time to time, we may modify the list of approved types, brands, models or suppliers, and you may not, after receipt of notice of such modification, reorder any type, brand or model from any supplier which is no longer approved by us.

9.2.3. Designated or Approved Suppliers (which may be limited to or include us or our Affiliates) of fixtures, furnishings, equipment, signs, products, materials, supplies, and services.

9.2.4. Terms and conditions of the sale and delivery of, and terms and methods of payment for products, materials, supplies and services including direct labor, that you obtain from us, our Affiliates or others.

9.2.5. Required inventory levels of Authorized Products. We have the right to require you to purchase any or all of the Authorized Products sold at or from your Storefront from us or our Affiliates, and you will maintain in sufficient supply all products, materials, supplies, ingredients, equipment, and items we designate and require you to have on-hand in your Storefront. If you breach this Agreement by failing to make a payment when due to any Approved Supplier (including us or our Affiliate(s)), we may require you to pay us or our ~~Affiliate(s)~~Affiliate(s) in advance for any orders you place before we ship the order, even if you have cured the breach, and even if we have used the money in your Deposit Account. If we use the funds in your Deposit Account to satisfy past- due amounts you owe us or our Affiliate(s), you must replenish the funds so that \$20,000 remains on deposit.

You agree that you will not use products purchased from Approved Suppliers for any purpose other than operating your Storefront. ALTHOUGH APPROVED OR DESIGNATED, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO INVENTORY, SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO OR BY US.

9.3. Authorized Menu; Approved Suppliers. You must only prepare and sell such menu items and other food and beverage products as we designate and approve in writing from time to time (the “**Authorized Menu**”²) at your Storefront. You must offer for sale from your Storefront all items and only those items listed on the Authorized Menu and other Authorized Products. You must offer the full Authorized Menu during all hours of operation. We have the right to make modifications to these items from time to time, and you agree to comply with any reasonable modifications we make. Proprietary items and supplies may be private-labeled by us. We and our Affiliates retain the right to make a reasonable profit on any items, supplies and materials you buy. We may also make a reasonable profit on supplies we purchase in bulk quantities and sell to you. You must cease selling any previously approved product, service, or menu item within thirty (30) days after receipt of notice that the product, service, or menu item is no longer approved. You must use in the operation of your Storefront and in the preparation of Authorized Menu items and other food and beverage products only the proprietary recipes, and other proprietary and non-proprietary ingredients, recipes, formulas, cooking techniques and processes and supplies, and you must prepare and serve Authorized Menu items and products in such portions, sizes, appearance, taste and packaging, all as we specify in the Operations Manual or otherwise in writing, and you must purchase them only from Approved Suppliers. You acknowledge and agree that we may change these periodically and that you are obligated to conform to these requirements. We may authorize test marketing of proposed Authorized Products or Services at any Storefront or Storefront as we deem appropriate.

9.4. Constructing, Developing, and Operating Your Storefront. In constructing, developing, and operating your Storefront, you agree to use only our Approved Supplier for constructing your Storefront, and only those fixtures, furnishings, equipment (including the POS System, equipment relating to the CML Mobile App, digital menu boards, phone system, and other technology products), decor and signs that we have approved for Storefronts as meeting our specifications and standards for quality, design, appearance, function and performance. You agree to place or display on your Storefront only such signs, emblems, lettering, logos and display materials that we approve from time to time, and you agree to refrain from installing in your Storefront any fixtures, furnishings, equipment, signs, or other items that we have not approved in writing. You agree to purchase approved brands, types or models of fixtures, furnishings, equipment and signs only from suppliers we have designated or approved (which may include us and/or our Affiliates). You will pay the then-current price in effect for all such purchases you make from us and/or our Affiliates. We will give you lists of the start-up inventory, furniture, fixtures, software, equipment and supplies we require you otherwise to obtain. You will establish independent commercial relationships with our Approved Suppliers for specific items.

9.5. Alternative Suppliers. With the exception of all food products supplied to you exclusively by us, if you want to make purchases from a supplier other than an Approved Supplier, you must first submit to us a written request to approve the proposed supplier, together with any documentation regarding that supplier that we reasonably request. Within thirty (30) days after receiving a completed request, and completion of such evaluation and testing (if we require), we will notify you in writing of our approval or disapproval of the proposed supplier. We may revoke our approval at any time if we determine, in our sole discretion, that the supplier no longer meets our standards. You must stop purchasing from a disapproved

supplier upon notification from us that it has been disapproved. You must reimburse us for the costs we incur in reviewing and evaluating proposed suppliers or proposed supplies, which we define as the hourly wages of our compliance director and associated personnel for the time they spend reviewing your proposed supplies or suppliers, plus fifteen percent.

9.6. Acknowledgement of Markup or Rebates. You acknowledge and agree that we and our Affiliates have the right to a reasonable markup on all items that you are required to purchase from us and our Affiliates. Further, you acknowledge that we may receive from Approved Suppliers periodic volume rebates or other revenue or consideration as a result of your purchases. You further acknowledge and agree that we are entitled to keep such rebates and revenue for our own use, regardless of whether we choose to do so.

9.7. Maintenance, Renovation and Refurbishment. You must, at your sole expense, do all things necessary to comply with the System, including keeping ~~the~~ your Storefront and all of its equipment and assets: (i) in good order and repair, and in compliance with the System requirements as set forth in the Operations Manual or as we otherwise require; and (ii) in a neat, clean, attractive, safe and sanitary condition; replacing equipment, and other assets only with those that we have approved as, in our discretion, they become worn out or otherwise unsuitable for use.

9.7.1. You must make, at your expense, all additions, repairs, replacements, improvements and alterations to your Storefront and your equipment as we determine necessary so that your Storefront, equipment, and assets that are viewed by the public will conform to the System's image, as may be prescribed by us from time to time. You must undertake and complete such additions, repairs, replacements, improvements, and alterations within the time and under the terms and conditions, which we may reasonably specify. If, however, any condition presents a threat to customers or public safety, you must address the condition immediately.

9.7.2. No more frequently than once every two (2) years, you must refurbish and renovate your Storefront at your sole expense to conform to our then-current design, Trade Dress, sign requirements, color schemes, and presentation of the Marks. Otherwise, you recognize and agree that there are no limitations on this obligation, and acknowledge and agree that the requirements of this Section 9.7 are both reasonable and necessary to ensure continued public acceptance and patronage of Storefronts and Storefronts and to avoid deterioration or obsolescence in connection with the operation of your Storefront.

9.8. Comply with Storefront Ownership Requirements. You agree to refrain from any activity that may jeopardize your right to remain in possession of your Storefront. You also agree to comply with all terms of any agreements affecting the operation of your Storefront.

9.9. Your Employees and Independent Contractors. You agree to maintain a competent, conscientious, trained staff, sufficiently literate and fluent in the English language and in a sufficient number; ensure that your employees and independent contractors provide competent, prompt, courteous, and knowledgeable service, and that they meet our minimum standards (as specified in the Operations Manual) to preserve good customer relations. You are responsible for any employee wages and compensation, payroll taxes and other require withholding, worker's compensation and benefits. You will in no way obligate us for expenses incurred in the operation of your Storefront, including labor costs. You must pay your employees and staff the prevailing wage as dictated by your specific territory, for employees with similar labor skills, people skills and similar job responsibilities. You must require your employees to wear uniforms while working at or for your Storefront of such design and color as we may prescribe in the Operations Manual. You further agree that inside your Storefront, you will post a sign or other document containing language we require explaining the differences between you, their employer or contractor, and us, your franchisor. You must have all of your employees sign our then-current form of Franchise Relationship Acknowledgement. Our current form is

attached as **Addendum 5.**

9.10. Operations Manual. You must operate your Storefront in strict compliance with the standard procedures, policies, rules and regulations established by us from time to time and incorporated in the Operations Manual. The Operations Manual describes our specifications, standards, operating procedures, accounting and bookkeeping methods, marketing and advertising, equipment requirements, co-branding requirements, computer programs and software, inventory management, insurance standards, ongoing training standards, ongoing corporate support, public relations and other rules and procedures that we may prescribe periodically and identify as part of the Operations Manual. You must supervise your Designated Manager, managers, employees, independent contractors and Affiliates to ensure their compliance with the Operations Manual. We have the right to prescribe additions to, deletions from or revisions of the Operations Manual (the **“Updates”**), all of which will be considered part of the Operations Manual. All references to the Operations Manual in this Agreement will include the Updates. Updates will become binding on you as if originally set forth in the Operations Manual, upon being delivered to you (unless we specify a longer period). We will provide you with up to thirty (30) days to comply with any material change made by us to our standards. The Operations Manual and any Updates are material in that they will affect the operation of your Storefront, but they will not conflict with or materially alter your rights and obligations under this Agreement. While the Operations Manual are designed to protect our reputation and the goodwill of the Marks, they are also designed to control the day-to-day operations of your Storefront.

9.10.1. We are permitted to revise the System, Marks, the various training programs offered to Storefronts and their employees, and the Operations Manual at any time, by addition, deletion or other modification to the provisions of the Operations Manual, and such modification will be made in our sole judgment. Such modifications may obligate you to invest additional capital in your Storefront (**“Capital Modifications”**) and/or incur higher operating costs, except as stated in Section 9.7 (which applies to remodels to your Storefront, but not to other Capital Modifications).

9.10.2. Upon the execution of this Agreement, we will loan to you one (1) copy of the Operations Manual (which may be electronic). The Operations Manual and all amendments to the Operations Manual (and copies of it) are copyrighted and remain our exclusive property. They are loaned to you for the Term (and any successor period), and must be returned to us immediately upon the termination or expiration of this Agreement. The contents of the Operations Manual are our Confidential Information. You must not make, or cause or allow to be made, any copies, reproductions or excerpts of all or any portion of the Operations Manual without our express prior written consent. You must keep any physical copies of the Operations Manual up-to-date. You must also keep the Operations Manual in a safe place in your Storefront and ensure that they, and the information, are secured and protected from unauthorized access.

9.11. Consumer Relations and Protection of Goodwill. You must give prompt, courteous and efficient service to the public and operate your Storefront in compliance with the Operations Manual to preserve and enhance the value and goodwill of the Marks and the System. You will uphold, and take reasonable steps to ensure that your Designated Manager and employees uphold high standards of honesty, integrity, and fair dealing in dealing with the general public, customers, other Storefronts, Storefronts, and us. You must promptly respond to all complaints received from your clients or other individuals in an attempt to resolve the dispute in a reasonable business manner. If we are contacted by a customer of your Storefront who lodges a complaint, we reserve the right (but are not required) to address the customer’s complaints in order to preserve goodwill and prevent damage to the Marks. Nothing in this Section 9.11 or in any other provision of this Agreement is to be construed to impose liability upon us to any third party for any of your actions or obligations.

9.12. Hours of Operation. You must operate no less than seven (7) days in any given week between 11 am and 9 pm, as specified in the Operations Manual, unless different hours have been approved by us based upon

the circumstances existing with the Territory.

9.13. Merchant Services. You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, electronic-fund-transfer systems, and near field communication vendors (together, “**Credit Card Vendors**”) that we may periodically designate as mandatory. You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval. We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider. You must acquire, at your expense, all necessary hardware and/or software used in connection with these non-cash systems.

9.14. Compliance With Data Security Guidelines. You must use your best efforts to protect your clients against a cyber-event, identity theft or theft of personal information. You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see www.pcisecuritystandards.org), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards 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 (QSA) 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. Having a secure managed firewall that meets our system standards is one part of the current requirement. You must at all times be compliant with all other Legal Requirements including: (a) the NACHA ACH Security Framework; (b) the operating rules and regulations of all credit card and merchant services providers; (c) state and federal laws and regulations relating to data privacy, data security and security breaches; and (d) our security policies and guidelines, as they may be amended from time to time.

9.15. Mobile App; Gift Cards and Customer Loyalty Programs. We will provide you with access to the Cousins Maine Lobster® mobile application (“**CML Mobile App**”), which is currently compatible with Android and iOS, and which is comprised of a customer facing loyalty program, mobile & contactless ordering, to-location navigation and added marketing capabilities. The CML Mobile App is a software-as-a-service program is currently provided by our designated supplier. You are required to enable the CML Mobile App service upon opening and will be required to purchase additional equipment and will also be required to carry a monthly subscription for each applicable unit you operate at our then-current monthly subscription fee. You must obtain the equipment necessary to operate the CML Mobile App at your expense. We may also establish separate or additional gift card or customer loyalty programs for use Systemwide. You must acquire and use all computer software and hardware necessary to process the sale of gift certificates and/or stored value cards, loyalty cards and/or customized promotional receipts, and to process purchases made using them and be solely responsible for the service charges related to such processing. You must remit all proceeds from the sale of gift certificates and stored value cards to us or our designee according to the procedures that we prescribe periodically. We will reimburse or credit you (at our option) the redeemed value of gift certificates and/or stored value cards accepted as payment for products and services sold by your Storefront.

9.16. Compliance With Legal Requirements. You agree to maintain the highest health standards and ratings applicable to the operation of your Storefront. You agree to comply with all Legal Requirements and obtain and maintain any and all licenses and permits required by any governmental agencies or otherwise necessary to conduct your Storefront in any jurisdiction in which it operates. You acknowledge

that you alone are responsible for complying with Legal Requirements and that we have no obligation to you or any other person for your compliance with Legal Requirements. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the Storefront business. You acknowledge and agree that your indemnification responsibilities under this Agreement include your obligations under this Section 9.16. You specifically agree to comply with all applicable health and safety laws, ordinances and regulations so as to be rated the highest available health and safety classification by the appropriate governmental authorities and to furnish to us copies of all inspection reports, warnings, certificates, and ratings issued by any governmental agency within ten (10) days of your receiving them. If your Storefront is subject to any inspection by any governmental authorities under which it may be rated in one or more than one classification, it must be maintained and operated so as to be rated in the highest available classification with respect to each governmental agency. In the event your Storefront fails to be rated in the highest classification or you receive notice that your Storefront is not in compliance with all applicable standards, you must immediately notify us of such failure or noncompliance

9.17. Lawsuits. You must notify us in writing within five (5) days of your receiving any notification of: (a) the initiation of any action, suit, or legal proceeding against you; or (b) the issuance of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality relating to the Storefront.

9.18. Improvement(s). If you, your Designated Manager, employees, or Owners develop any new concept, process or improvement in the operation or promotion of your Storefront generally (an **Improvement** "Improvement"), you agree to promptly notify us and provide us with all necessary related information, without compensation. Any such Improvement will become our sole property and we will be the sole owner of all related copyrights, trademarks, patents, patent applications, and other intellectual property rights. You must fully disclose the Improvement(s) to us, without disclosing the Improvement(s) to others, and you must obtain our written approval prior to using such Improvement(s). You and your Owners agree to assign to us any rights you or your Owners may have or acquire in the Improvement(s), including the right to modify the Improvement, and you and your Owners waive and/or release all rights of restraint and moral rights in and to the Improvement. You and your Owners agree to assist us in obtaining and enforcing the intellectual property rights to any Improvement. In the event that the foregoing provisions of this Section 9.18 are found to be invalid or otherwise unenforceable, you and your Owners hereby grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the Improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe on you or your Owners' rights to the Improvement.

9.19. Camera System. You must install and maintain a surveillance system, which must have a storage capacity that is able to (and does) store video for at least thirty (30) days after it is recorded. You must take any and all actions necessary to ensure that you have the continual ability to monitor the premises of your Storefront from any Internet-connected computer. We reserve the right to demand immediate access to any such recorded footage of your Storefront, and you agree to be prompt in providing us with said footage without alteration.

9.20. Operating Bank Account. You must, at all times during the entire Term, maintain a minimum average monthly balance in your business operating bank account of fifty thousand dollars (\$50,000), to enable you to properly and fully perform all your duties, obligations and responsibilities.

10 ~~10~~ OPERATIONAL ASSISTANCE BY US

10.1. Training. Prior to beginning operation of your Storefront, you and your Designated Manager must attend, and successfully complete, to our satisfaction, an initial mandatory training program in our System, methods of operation, policies, and any other topics as we may determine necessary or appropriate, including

but not limited to brand secrets, financial controls, service methods, and maintenance of quality standards (the “**Initial Training Program**”²). The Initial Training Program will take place at a location designated by us (which could include a physical location and/or the Internet), which you and your Designated Manager are responsible for attending at your sole expense. You must not commence operation until you and your Designated Manager have completed the Initial Training Program to our satisfaction. If we determine in our sole discretion, based on your performance in the Initial Training Program, that you are not qualified to operate a Storefront, we have the right to terminate this Agreement. If you do not complete the Initial Training Program to our satisfaction (which shall include passing our then-current management test) or obtain all necessary licenses, we have the right to terminate this Agreement and retain the Initial Franchise Fee, which we will consider fully earned.

10.1.1. Should you have the need to replace your Designated Manager, any replacement Designated Manager (who must be approved by us) must attend the Initial Training Program at a time that it is offered by us within thirty (30) days of the resignation, termination, or non-approval of your former Designated Manager. We also have the right to require any other management or key personnel to attend and complete our Initial Training Program to our satisfaction, and at your sole expense.

10.1.2. You must pay all lodging, travel and meals, personal expenses, salary and living expenses incurred by you, your Designated Manager, and/or other persons attending any training program.

10.1.3. We will not pay any compensation for services performed by trainee(s) in connection with training or other assistance, including providing services for us, our ~~Affiliate(s)~~Affiliate(s) or other franchisee(s).

10.1.4. If you or your Designated Manager have previously attended and successfully completed the Initial Training Program in connection with the operation of another Storefront or Storefront, we may elect to either: (i) not provide the Initial Training Program to you; or (ii) provide an abbreviated training program.

10.1.5. At our sole discretion, we may require that you and your Designated Manager undergo additional or extended training by us until you and your staff meet our exclusive satisfaction, which will be at your sole expense, and includes but is not limited to trainer daily rates, travel and lodging, airfare and any other costs associated with providing you or any member of your staff with the additional training necessary to continue your business operations to our brand standards.

10.2. On-Site Assistance. For a period of up to seven (7) days, during the time that immediately precedes and follows the opening of your Storefront, we will send between one (1) and three (3) individuals to your Storefront to assist you with initial opening training and marketing, with your initial operations, and finalizing opening procedures. You must have all necessary licenses and permits, and all of your refrigeration, kitchen and cooking equipment must be functioning. You must give us notice that you are ready for this training at least thirty (30) days in advance. Your entire staff must be present for the on-site training. You and your Designated Manager must complete the on-site training to our satisfaction. If you ask for (and we agree to provide) additional training, or we decide that additional on-site training is necessary, we will provide it to you for \$500 per day, plus our travel expenses.

10.3. Initial Advertising and Marketing Assistance. We will draft and create (with your input) a press release and media advisory for you to use with local media in connection with your initial launch campaign. We will also assist you with an initial launch social media campaign. We have the right to exclusively control all social media accounts that you use in connection with your Storefront, but we may (in our sole discretion) permit you to control such accounts during the Term while you are in compliance with this Agreement.

10.4. Periodic Training and On-Site Assistance. At our sole discretion, we may require you, your Designated Manager, and/or previously trained and experienced employees to attend periodic refresher training courses at such times and locations that we designate, which training may (at our option) take place at your Storefront, at another Storefront, or a training facility operated by us. You may also request our assistance on-site at your Storefront. We have the right to require you to pay our then-current fee (as listed in the Operations Manual) for the additional training. If any training takes place at any location other than a Storefront that we (or our Affiliates) operate, we also have the right to require you to pay for the lodging, travel and meal expenses we incur for our personnel conducting the training. If training takes place somewhere other than your Storefront, you will be solely responsible for the lodging, travel, living and meal expenses for those of your personnel attending the training.

10.5. Meetings, Conferences, or Conventions. We may, in our discretion, hold periodic meetings and/or annual conventions to discuss sales techniques, new Authorized Products and Services developments, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, procedures and other topics, which may include an annual convention. We have the right to require you and your Designated Manager to attend, and we may require you to pay our then-current fee for each person who attends the conference, meeting, or convention on your behalf.

10.6. Advice and Consultation. We will impart to you our selling, promotional and merchandising methods and techniques associated with the System, and will provide to you general guidance. We may (but are not required to) visit your Storefront periodically to consult with you and provide advice.

10.7. Remote Assistance. We will make a representative reasonably available to respond to your questions (by telephone or through the Internet) during normal business hours, as we determine necessary, to discuss your operational issues and support needs. We may also provide to you such periodic individual or group advice, consultation and assistance, rendered by telephone, newsletter or bulletins made available from time to time to all Storefronts, as we may deem necessary or appropriate within our sole discretion. In addition, we may communicate with you concerning new developments, techniques and improvements as we deem appropriate in our sole discretion.

10.8. Site Visits. We may, in our discretion, either directly or by designee visit your Storefront for the purpose of rendering advice and consultation or training with respect to your Storefront, its operation and performance, or to determine whether you are in compliance with System standards. You agree that you and your Designated Manager will meet with us during any site visits.

11 ~~11~~ USE OF TECHNOLOGY

11.1. POS System and Technology Products. You must purchase and install a point-of-sale system (the “**POS System¹⁻²**”), as well as certain technology products we specify such as digital menu boards and signs (together with the CML Mobile App and POS System, the “**Technology Products**”). You must make all improvements to the Technology Products in the manner, and when, specified by us in writing, even if such improvements require you to spend additional money on the Technology Products. There are no limitations on this obligation. You have sole and complete responsibility for the manner in which your Technology Products interfaces with other systems, including those of us and other third parties, as well as any and all consequences that may arise if your Technology Products is not properly operated, maintained and upgraded.

11.1.1. You must lease or purchase equipment and software for the Technology Products only from Approved Suppliers. This includes Storefront management software and other software and hardware that we require. You may not install, or permit to be installed, any devices, software or other programs not approved by us for use with the Technology Products. You may not authorize the use of the software by anyone else and will not configure, program or change any software programs.

11.1.2. We may from time-to-time designate, develop, or authorize others to develop proprietary or non-proprietary computer applications for use as part of the Technology Products, which you may be required to purchase and/or license and use in the operation of your Storefront. You must execute any license, sublicense or maintenance agreement required by us or any other Approved Supplier of proprietary or non-proprietary computer applications designated by us.

11.1.3. You must: (a) promptly enter into the CML Mobile App and/or POS System, as applicable, and maintain all information that we require you to enter and maintain; (b) provide to us such reports as we may reasonably request from the data so collected and maintained, and (c) permit us to access your POS System at all times and any time by any commercially available means we specify from time to time. You must cooperate with us to permit us access your POS System and all of its data.

11.2. ~~11.2.~~ Ownership of Customer Information and Goodwill. You acknowledge that we own all information and other business records (“**Customer Information**”²) with respect to the customers of your Storefront, including all information stored on, by or through the CML Mobile App and POS System; customer-related contact names, addresses, telephone numbers, e-mail addresses, and customer purchase records; and all information generated or recorded as a result of your efforts while using the Marks. You agree to use reasonable efforts to obtain and capture Customer Information, with customer permission, consistent with any customer tracking or loyalty program(s) we may establish from time-to-time. You must not export Customer Information from the CML Mobile App, POS System, or other software. We have the right to use the Customer Information in any way we choose. You also agree that any goodwill resulting from your activities under this Agreement is our sole property. During the Term, you are licensed to use Customer Information solely for the purpose of operating your Storefront. This license will automatically and irrevocably expire, without additional notice or action by us, when this Agreement terminates or expires.

12 ~~12.~~ AUDITS: INSPECTIONS

12.1. ~~12.1.~~ Financial Planning and Management. You must keep such complete records of your business as a prudent and careful businessperson would normally keep. You must keep your financial books and records as we may from time to time direct in the Operations Manual or otherwise, including retention of all invoices, accounts, books, data, licenses, order forms, payroll records, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. On or before the fifth calendar day of each month, you must submit to us a complete and accurate accounting of your Gross Sales for the previous calendar month in the format we request, which may be electronic, through the CML Mobile App and POS System or otherwise. You will prepare monthly income statements for your Storefront, which we may require you to submit to us. Within thirty (30) days of the end of each calendar quarter, you must submit to us a financial statement prepared according to generally accepted accounting principles for that calendar quarter, and it must be signed and sworn by you to be true and correct. You will maintain an accounting system reflecting all operational aspects of your Storefront, including uniform reports as may be required by us, prepared in accordance with accounting methods utilized and generally accepted for federal income tax return purposes. You will also submit to us current financial statements; forms showing the sales, use, and gross receipt taxes paid by you; and such other reports or documents kept by you as we may reasonably ~~request.~~ request. You must maintain the records required under this Section 12.1 for a period of three (3) years after the termination, Transfer, or expiration of this Agreement. Finally, you must submit to us, on or before April 30 of each year, signed copies of the federal income tax returns for the previous tax year, of you and of any Owner who owns fifty-one percent (51%) or more of you. an ownership interest in Franchisee greater than or equal to fifty percent, on or before April 30 of each year.

12.2. Inspection Rights and Access to Records. During the Term and for a period of three (3) years following the termination or expiration of the Agreement, we (either directly or through a designated agent) have the right to visit the place where your records are located and inspect all aspects of the operation of your

The remedies in this Section 12.3 are in addition to any other remedies we may have as a result of your underreporting, including but not limited to the right to terminate this Agreement.

12.3.1. You must cooperate in scheduling any audit and providing access to records, which must be maintained and presented in reasonable order to allow the audit to be conducted in a reasonable time.

12.3.2. Your failure, refusal or neglect to dispute any fees or contributions that an audit reveals you owe, including any fees, costs and penalties assessed in connection with an audit, constitutes a waiver of any right to challenge such fees, unless you provides us written notice of your dispute, along with an explanation of the basis for your dispute, within thirty (30) days of the date we deliver the audit results to you in writing.

12.4. Consent to Use of Likeness and Your Storefront. You agree that we have the right to use the likeness (including photographs or videos containing images) of: (a) you; (b) if you are a Business Entity, your Owners; and (c) your Storefront, for any purposes relating to the promotion or marketing of the System or Marks.

12.5. Mystery Shoppers. You acknowledge that we may use mystery shoppers to evaluate you and your Storefront at any time during the duration of the Term of this Agreement.

13 ~~13~~ YOUR OWNERS AND GUARANTORS: RELATIONSHIP BETWEEN THE PARTIES

13.1. Your Name. You must operate solely under the name identified on Addendum 1 and may use “Cousins Maine Lobster²” or our other Marks **only** as a “doing business as” (d/b/a) designation. You may not use other names in connection with any advertising or operation of your Storefront. We have the right to review and require changes to any display of your name or the Marks.

13.1.1. You may not include “Cousins Maine Lobster” or any of the Marks in your legal name.

13.1.2. In all public records, in relationships with other persons, and on letterhead and business forms, you must indicate that you independently own your Storefront, and that you are solely a franchisee of CML Storefront, LLC.

13.2. Relationship of Parties. We and you intend that this Agreement creates only a franchisor and franchisee relationship, and no other. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as our agent or representative for any purpose whatsoever. Neither we nor you are the employer, employee, agent, partner or co-venturer of or with one another, each of us being independent from each other. You will not hold yourself out as our agent, employee, partner or co-venturer. Neither you nor we have the power to bind or obligate the other except specifically as stated in this Agreement. We and you agree that the relationship created by this Agreement is one of an independent contractor and not a fiduciary relationship. All costs of the Storefront, including opening and operating costs, will be your sole obligation. We will have no costs, liability or expense whatsoever with respect to your opening and operation of the Storefront. You shall not use or employ the Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them.

13.2.1. We will not be obligated for any damages, claim, or obligation to any person or property, directly or indirectly arising out of your operation of your Storefront, whether or not caused by your negligent or willful action or failure to act, or your use of the Marks in a manner not in accordance with this Agreement. You must not use the Marks in signing any contract or in applying for any license or permit or in a manner that may result in our liability for your debts or obligations.

13.2.2. All employees or independent contractors hired by or working for you will be your employees or independent contractors alone and will not, for any purpose, be deemed our employees or subject to our control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, payments, unemployment insurance, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. You and we will file our own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation payments with respect to our respective employees and operations, and we will save and indemnify one another of and from any liability of any nature whatsoever by virtue thereof. Neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.

13.2.3. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or independent contractors for qualification to perform certain functions for your Storefront does not directly or indirectly vest in us the power to hire, fire or control any such employee or independent contractor. You alone are solely responsible for all hiring and employment decisions and functions relating to your Storefront, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, setting hours for, and discipline of employees, regardless of whether you have received advice from us on these subjects or not. You agree that any direction you receive from us regarding employment policies should be considered as examples, that you alone are responsible for establishing and implementing your own policies, and that you understand that you should do so in consultation with local legal counsel well-versed in employment law. **No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.**

13.2.4. You agree to inform each of your employees and contractors that you alone are their employer, and that we are not. You agree to explain to your employees and contractors the respective roles of a franchisor and franchisee and our relationship with you, and you will request that your employees and contractors sign any acknowledgement or disclosure we reasonably require explaining the differences between us (your franchisor) and you (their employer or contractor).

13.2.5. You acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of System which you are required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Storefront, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Storefront.

13.2.6. You acknowledge that we may, from time-to-time, make certain recommendations as to employment policies and procedures, which may include (among other things) a sexual harassment policy. You will have sole discretion in whether to adopt any such policies and procedures, and as to the specific terms of those policies and procedures. Training with respect to all such policies and procedures will be your sole responsibility.

~~13.3.~~ 13.3. **Owners Agreement.** You and each of your Owners must, jointly and severally, sign the Owner Agreement attached as **Addendum 2**, and you and each of your Owners will otherwise bind yourselves to the terms of this Agreement. If the ownership interest is acquired after Effective Date, each new Owner must sign and provide the Owner Agreement to us within ten (10) days after obtaining the interest.

14 **14-INDEMNIFICATION: INSURANCE**

14.1. **Indemnification**. You, and each of the Owners identified on **Addendum 1**, agree that you will, at all times, indemnify, exculpate, defend and hold harmless, to the fullest extent permitted by law, us, our successors, assigns, and Affiliates and the respective officers, directors, shareholders, agents, representatives, independent contractors, servants, and employees of each of them (the “**Indemnified Parties**”) from all losses and expenses incurred in connection with any action, suit, proceeding, claim, damages (actual, consequential, or otherwise), demand, losses, liabilities, actions, lawsuits and other proceedings, judgments, awards, investigation, or inquiry (formal or informal), or any settlement of any of them, which arises out of or is based upon any of the following:

14.1.1. The infringement, alleged infringement or any other violation by you, your Owners or principals of any patent, mark, copyright, or other proprietary right owned or controlled by third parties due to your unauthorized use of all or any portion of the Marks and/or System.

14.1.2. Your, or your Owners’, violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, ruling or industry standard.

14.1.3. Your, or your Owners’, libel, slander, or any other form of defamation.

14.1.4. Your employment or other contractual relationship with your employees, workers, managers, or independent contractors, including but not limited to any allegation, claim, finding, or ruling that we are an employer or joint employer of your employees.

14.1.5. Your, or your Owners’: (a) violation or breach of any warranty, representation, agreement, or obligation in this Agreement or in any other agreement between you and us or our Affiliates; (b) acts, errors, or omissions, or those by any of your affiliates, any of your principals, officers, directors, shareholders, agents, representatives, independent contractors, or employees in connection with the establishment and operation of your Storefront, including, but not limited to, any acts, errors, or omissions of any of them in the operation of any motor vehicle or in the establishment or implementation of security for your Storefront.

14.1.6. Any damages, incidents, or claims listed in this Section 14.1 that are alleged to be caused by an Indemnified Party’s negligence, unless (and then only to the extent that) the claims, obligations, and damages are determined to be caused solely by the Indemnified Party’s gross

negligence or willful misconduct according to a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

We have the right to defend any such action or claim against us at your expense. This indemnification will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. For the purposes of the indemnification in this Section 14.1 only, the term “claim” also includes all obligations and costs incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, reasonable accountant, arbitrator, attorney, and expert witness fees, costs of investigation and proof of facts, court costs, and other expenses of litigation, arbitration, or alternative dispute resolution and travel and living expenses.

14.2. Mitigation Not Required. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you.

14.3. Insurance. During the Term, you must maintain in force, at your expense, policies of insurance, in the minimum amounts specified by us, issued by carriers approved by us, that have a rating of at least A- by A.M. Best, or the equivalent. Our current required policies and coverage amounts are stated in the Operations Manual. You must also have all other insurance to meet any applicable Legal Requirements, or as required by your local state authorities. We may unilaterally modify our insurance requirements, which modifications may include increasing minimum policy limits, by delivering to you written notice of the change through the Operations Manual. The insurance will include, at a minimum, the following:

14.3.1. Comprehensive general liability insurance, including products liability, completed operations, property damage, contractual liability, independent contractors liability, and personal injury coverage with a combined single limit of at least \$1,000,000 per occurrence and \$1,000,000 aggregate, or higher if your state law requires.

14.3.2. Workers’ compensation and employer's liability insurance, and other insurance required by statute or rule of the state in which your Storefront is located and operated.

14.3.3. Business interruption and lost profit insurance providing for at least six months coverage of profits and necessary operating expenses.

14.3.4. Employer’s practice liability insurance.

14.3.5. Automobile liability insurance of at least \$1,000,000, or higher if your state law requires.

14.3.6. Excess or umbrella liability insurance with limits of not less than \$2,000,000 per occurrence, \$2,000,000 aggregate, and \$2,000,000 products and completed operations coverage.

14.3.7. Insurance coverage products in transit or food spoilage delivery to you or at your dock.

14.3.8. Unemployment insurance, state disability insurance; and other insurance to meet any applicable legal requirements.

14.4. Additional Named Insured. Each insurance policy must contain an endorsement naming us (and, if we so request, our members, directors, agents, and Affiliates) as “Additional Named Insured” (and not as “additional insureds”) in the broadest form, extending to our negligence and errors and omissions, and cannot

be limited to vicarious liability. You must provide us with thirty (30) days advance written notice of any material modification, cancellation, or expiration of the policy. Each policy must also include a waiver of the insurer's right of subrogation against any of us, and provide coverage for your indemnification obligations under this Agreement. The insurance afforded to additional insureds must apply as primary insurance and not contribute to any insurance or self-insurance available to us.

14.4.1. Continuation of Policy. Regardless of the amounts we state above, it is your responsibility to maintain adequate insurance coverage at all times during the Term of and after the expiration of this Agreement, so that coverage, including but not limited to any policies that are on a "claims made" basis, which through the purchase of an extended reporting endorsement (i.e., "tail" insurance) will be in effect for acts or omissions that occurred prior to the termination of the policy and are reported within a twenty-four (24) month period following the end of the policy period.

14.4.2. Copies of Policies. You must provide us with copies of policies evidencing the existence of the insurance required by this Section 14.3 at least ten (10) days prior to the time you are first required to carry insurance, and thereafter at least thirty (30) days prior to the expiration of any policy, along with certificates evidencing such insurance.

14.4.3. Our Right to Obtain Insurance. In the event you fail to obtain the required insurance and to keep it in full force and effect, we may, but will not be obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, plus an administrative fee equal to twenty percent (20%) of the cost of such premiums, within five (5) days of the date we deliver you an invoice detailing such costs and expenses.

14.4.4. Acknowledgement. You acknowledge that the foregoing minimum insurance requirements do not constitute advice or a representation that such coverages are necessary or adequate to protect you from losses in connection with your Storefront. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than we require. Any insurance policies that we carry do not and will not limit or relieve you from any of your obligations under this Article 14.

15 15-ASSIGNMENT

15.1. By Us. You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as our owners, directors, officers, and employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

15.2. Assignment By You. We have entered into this Agreement in reliance upon and in consideration of your singular personal skill and your qualifications, as well as the trust and confidence we have in you. Therefore, neither your interest in this Agreement, nor any interest in: (a) you; (b) any of your Owners; (c) substantially all of your assets; or (d) your Storefront, can be assigned, transferred, given away or encumbered, voluntarily or involuntarily (a "Transfer"), without our prior written consent.

15.2.1. We will not unreasonably withhold approval of a Transfer if you comply with the conditions of this Article 15. Our consent to a Transfer will not be a waiver of any claims we may have against you.

15.2.2. If, after a Transfer approved by us, one of your Owners no longer has any interest in you or

your Storefront, then that person will be relieved of liability for any obligations to us that arise *after* the date of the Transfer, except for those obligations that arise under Articles 16 or 18.

15.3. Conditions for Approval of Transfer. We, in our discretion, may impose conditions on granting our consent to the Transfer, which conditions may include any or all of the following:

15.3.1. You and your Owners must be in full compliance with this Agreement, and must have been in substantial compliance with this Agreement during the Term, and must pay all amounts then owed to us or our Affiliates.

15.3.2. The transferee must complete and submit all application documents required by us from prospective Storefronts at the time of the assignment and be approved in writing by us.

15.3.3. The transferee must have, at our sole option, either: (i) assumed this Agreement by a written assumption agreement approved by us (which will include a personal guarantee(s) by the transferee, its principals and/or owners of a beneficial interest in transferee), or have agreed to do so at closing; or (ii) executed a replacement franchise agreement on the standard form of franchise agreement we are then offering to new Storefronts, which may differ from this Agreement in all material respects, including but not limited to having a smaller Territory and higher or different fees than were granted in this Agreement.

15.3.4. You must pay us a transfer fee of ten thousand dollars (\$10,000) no ~~fewer than~~ fewer than five (5) days before you complete the Transfer.

15.3.5. At the expense of either you and/or the transferee, any upgrade, remodel, or replacement of the assets used by your Storefront, including any and all of your equipment, to conform to our then-current standards and specifications for new Storefronts, and complete the upgrading, remodeling, or replacing and other requirements within the time specified by us.

15.3.6. Prior to the date of Transfer, your transferee will attend all training at our designated location as required under the-then current franchise agreement being used by us.

15.3.7. You and each Owner must have executed a general release, on our then-current form (our current form is attached to the Franchise Disclosure Document as Exhibit F)FI, of any and all claims against us and our Affiliates and our and their respective officers, directors, shareholders, managers, members, agents and employees in their corporate and individual capacities; provided, however, that any release will not be inconsistent with any state law regulating franchising.

15.3.8. If any part of the sale price is financed, you must agree that all obligations of the transferee under any promissory note, other payment agreement, or financing statement will be subordinate to the obligations of the transferee to pay the Royalty Fee, Advertising Fund Contribution, and other amounts due to us and our Affiliates pursuant to this Agreement.

15.3.9. You must execute a written agreement not to compete in favor of us and your transferee, with terms the same as those set forth in Sections 16.5 and 16.6.

Upon completion of the Transfer, we will credit the amounts in your Deposit Account to your transferee.

15.4. Right of First Refusal. At least sixty (60) days before you intend to Transfer your Storefront, you must give written notice to us of your intention to make a Transfer. This notice must include a fully-executed copy of any sale document, and any documents referred to in that or those document(s).

15.4.1. We will have the right to acquire the transferred interest at the same price, and on the same terms and conditions, as contained in any bona-fide offer from a third party made to you. If we exercise this right, we will do so within thirty (30) days of receiving from you all documents that we reasonably request in connection with the proposed Transfer. If we do not indicate to you our intention to exercise this right within that thirty (30) day period, we will be deemed to have elected not to exercise our right of first refusal. Our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed transferee).

15.4.2. We must receive, and you and your Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a Business Entity, as applicable.

15.4.3. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

Any material change in the terms of any offer prior to closing will constitute a new offer subject to the same right of first refusal by us. This Section 15.4 will not apply to: (a) a Transfer by you or your Owners to adult children of you or your Owners; or (b) if you are a Business Entity, the Transfer of your shares to an Owner who was identified on **Addendum 1** of this Agreement as of the Effective Date and has signed an Owner Agreement with us in the form attached as **Addendum 2**.

15.5. Limited Assignment Right for Sole Proprietorships or Partnerships. If you are a sole proprietorship or partnership, we expressly consent to the Transfer of this Agreement, without payment of a fee, to a Business Entity owned and controlled by the same Owners, provided that you and each of the Owners: (a) execute an assignment agreement; (b) execute the Owner Agreement attached as **Addendum 2**; (c) reimburse us for our expenses; and (d) comply with the requirements of Section 1.5. You must notify us in writing of any proposed Transfer under this Section 15.5 and must provide and/or sign all documents we reasonably request relating to your legal entity including, but not limited to, assignment documents, articles of incorporation or organization and bylaws.

15.6. Death, Disability or Incapacity of You or Your Owners. Upon the death or permanent incapacity (mental or physical) of you or of any Owner who has a controlling interest in you, the executor, administrator, or personal representative of such person must Transfer such interest to a third party approved by us within six (6) months after such death or mental incapacity. Such Transfers, including, without limitation, Transfers by devise or inheritance, will be subject to the same conditions as an inter vivos transfer. In the case of Transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 15.6, the executor, administrator, or personal representative of the decedent must Transfer the decedent's interest to another party approved by us within six (6) months, which disposition will be subject to all the terms and conditions for Transfer contained in this Agreement. If the interest is not disposed of within the six (6) month period, we may, at our option, terminate this Agreement. In the event of your death or disability (if you are an individual), the Transfer of your interest in this Agreement and your Storefront by will or intestate succession, or conveyance of such interest in the event of disability, to your individual heirs, will require our written consent, but will not give rise to our right of first refusal under Section 15.4. However, our right of first refusal will apply to any proposed Transfer or assignment by such heirs.

15.7. Termination, Resignation, Death or Disability of Designated Manager. If, due to termination, resignation, death, or disability, no one is able to perform management or training supervisory duties relating to your Storefront, you must, within a reasonable time not to exceed fifteen (15) days from the date of termination, resignation, death, or disability, appoint a new Designated Manager (as the case may be). Each new Designated Manager must, at your expense, attend and complete the Initial Training Program to our

satisfaction within thirty (30) days of their appointment as your new Designated Manager. If, in our sole judgment, your Storefront is not being managed properly, or your employees are not being ~~adequate!~~ adequately supervised, at any time after the Designated Manager's termination, resignation, death, or disability, we will have the right (but not the obligation) to exercise our step-in rights under Section 17.8.

16 ~~16~~. COMPETITION ~~;~~ PROTECTION OF OUR CONFIDENTIAL INFORMATION

16.1. Your Acknowledgement. You acknowledge that you will obtain knowledge of our Confidential Information that is essential to the operation of your Storefront, without which information you could not effectively and efficiently operate it. You further acknowledge that such Confidential Information was not known to you prior to execution of this Agreement. You further acknowledge and agree that all of the Confidential Information is our sole property, represents our valuable assets, and that we have the right to use the Confidential Information in any manner we wish at any time.

16.2. Use and Disclosure of Confidential ~~Information~~ Information. You will not use any Confidential Information for any purpose other than in the manner we permit or direct. You may disclose Confidential ~~Information~~ Information only to such of your employees, agents, independent contractors and representatives as reasonably necessary in order to operate your Storefront. You may not, during the ~~Term~~ Term or afterward, communicate, divulge or use for the benefit of ~~an}~~ any other person or entity any Confidential ~~Information~~ Information, except to such employees and independent agents as must have access to it in order to operate your Storefront, and you agree that your use of Confidential Information for any purpose other than the development and operation of your Storefront in accordance with this Agreement would constitute unfair competition. Any and all Confidential Information may not be used for any purpose other than conducting your Storefront. You agree not to make any copies of, reproductions of, or extracts of any Confidential ~~Information~~ Information except strictly incidental to, and solely in furtherance and within the scope of your relationship with us. You will never reveal any Confidential Information to any person, except as permitted by this Agreement or pursuant to an order from a court of competent jurisdiction. In the event that you should receive such a court order, you must provide us immediate oral and written notice of such order, and must cooperate with us in protecting the secret nature of the Confidential Information. If you at any time conduct, own, consult with, are employed by, or otherwise assist a similar or Competitive Business, the doctrine of "inevitable disclosure" will apply, and it will be presumed that you are in violation of this covenant. It will be your burden to prove that you are not in violation of this covenant.

16.3. Preservation of Confidentiality— You must not ~~pernit~~ permit any person (including your Owners, Designated Managers, principals, officers, directors, independent contractors and employees) to access Confidential Information (including the Operations Manual) without first requiring them to execute confidentiality agreements, in a ~~form~~ form we approve, requiring that all Confidential Information that may be acquired by or imparted to such person be held in strict confidence and used solely for the benefit of you and us. All confidentiality—agreements described in this paragraph must include a specific identification of us as a ~~third-part}~~ third-party beneficiary with the independent right to enforce the agreement. Our current approved ~~form~~ form is attached to our Franchise Disclosure Document as Exhibit I.

16.4. Covenant Not to Compete: During Term. You covenant and agree that, during the ~~Term~~ Term and ~~an}~~ any successor term(s), neither you nor your Owners, Designated Manager(s), officers, directors, members, and partners will directly or indirectly ~~own~~ own, invest in— partner w-ith with, direct, serve as an officer or director for— be employed by, act as consultant for, represent, act as an agent for, or divert or attempt to divert any customer, person, or business to, any Competitive Business anywhere.

16.5. Covenant Not to Compete: After Term. For the reasons stated in Section 16.2 above, you covenant and agree that, for a period of two (2) years after the termination of this Agreement or any successor to this Agreement, regardless of the reason, cause, purpose, or source of the termination (including but not limited to

your Transfer of this Agreement), neither you nor your Owners, managers, Designated Manager(s), officers, directors, members, and partners will directly or indirectly own, invest in, partner with, direct, serve as an officer or director for, be employed by, act as a consultant for, represent, or act as an agent for, any Competitive Business within: (a) fifteen (15) miles of the Territory or any Storefront then in existence or under construction; or (b) the territory of any Storefront or Food Truck that is then in operation.

16.6. Covenant Not to Divert Customers. You agree that, during the Term or any successor term(s), and for a period of two (2) years after the termination or expiration of this Agreement or any successor agreement(s), you will not divert or attempt to divert any customer to any Competitive Business.

16.7. You Acknowledge that these Covenants Are Reasonable. You agree that all covenants in this Agreement and this Article 16 are fair and reasonable in both duration and area, and will not impose any undue hardship on you. You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to enforcement by us of the covenants in this Article. You further acknowledge that a violation of any covenant in this Article 16 will cause us irreparable harm, the exact amount of which may not be ascertainable, and therefore, you consent that in the event of such violation, we will, as a matter of right, be entitled to apply for injunctive relief to restrain you, or anyone acting for you or on your behalf, from violating said covenants. Such remedies, however, are cumulative and in addition to any of the remedies to which we may then be entitled. The covenants set forth in this Article 16 will survive the termination, expiration or Transfer of this Agreement. You agree to pay all costs and expenses, including, without limitation, reasonable attorneys' fees, that we incur in connection with our enforcement of the covenants in this Article 16. YOU EXPRESSLY ACKNOWLEDGE THAT YOU POSSESS SKILLS AND ABILITIES OF A GENERAL NATURE AND HAVE OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, YOU REPRESENT TO US THAT ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE YOU OF THE ABILITY TO EARN A LIVING.

16.8. Covenants Are Severable: Tolling. The parties agree that each covenant in this Article 16 must be construed to be independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Agreement is held unenforceable or unreasonable by a court or agency having competent jurisdiction in any final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resultant covenant were separately stated in and part of this Agreement. Any period of time specified in this Article 16 will be tolled and suspended for any period of time during which you are in violation of any restrictive covenant.

16.9. Limited Exclusion. The restrictions contained in Sections 16.4 and 16.5 above will not apply to ownership of less than five percent (5%) of the shares of a company.

17 ~~17-DEFAULT-; TERMINATION~~

~~17.1. Automatic Termination Without Notice. You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, if:~~

~~17.1.1. Insolvency. You become insolvent or make a general assignment for the benefit of creditors.~~

~~17.1.2. Filing of Bankruptcy Petition. You file a petition in bankruptcy, or such a petition is filed against you and you do not oppose it.~~

~~17.1.3. Adjudication of Bankruptcy. You are adjudicated as bankrupt or insolvent.~~

~~17.1.4. Receivership. A bill in equity or other proceeding for the appointment of a~~

~~receiver of: (1) you; (2) your Storefront; or (3) another custodian for your business or assets, is filed or consented to by you, or if a receiver or other custodian (permanent or temporary) of your assets or property, or any part of them, is appointed by any court of competent jurisdiction.~~

~~17.1.5. *Creditor Composition Proceedings.* Proceedings for a composition with creditors under any state or federal law is instituted by or against you.~~

~~17.1.6. *Final Judgment.* A final judgment against you in the amount of twenty five thousand (\$25,000) dollars or more remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed).~~

~~17.1.7. *Dissolution.* You voluntarily dissolve or liquidate, or have a petition filed for corporate or partnership dissolution filed against you and the petition is not dismissed within thirty (30) days.~~

~~17.1.8. *Execution.* Execution is levied against your business or property.~~

~~17.1.9. *Lien or Foreclosure.* The real or personal property of your Storefront is sold after levy by any sheriff, marshal, or constable, or a suit is filed to foreclose a lien or mortgage against any of your assets and it is not dismissed within thirty (30) days.~~

17.1. Automatic Termination Without Notice. You will be in default under this Franchise Agreement, and we may automatically terminate all rights granted to you by this Franchise Agreement without notice if: (i) you file or cause to be filed a petition in bankruptcy or you are adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws); or (ii) you admit to your inability to meet your financial obligations as they become due, or make a disposition for the benefit of its creditors (unless prohibited by law); or (iii) a receiver or custodian (permanent or temporary) is appointed for any of your assets or property; or (iv) a final judgment in excess of \$25,000 against you remains unsatisfied or of record for thirty (30) days or longer (unless a bond is filed or other steps are taken to effectively stay enforcement of such judgment), except that we may provide you with additional time to satisfy the judgment if you demonstrate that you are using commercially reasonable efforts to resolve the issues related to the judgment.~~17.2.~~

17.2. Immediate Termination With Notice and No Opportunity to Cure. We will have the right to terminate this Agreement immediately, without providing you an opportunity to cure, upon our delivery of written notice to you under any of the following circumstances:

17.2.1. Failure to Open. You fail to open your Storefront on or before the Opening Deadline (as extended, if applicable) through no fault of ours.

17.2.2. Abandonment. Except as may be allowed by us in the Operations Manual or otherwise in writing, you fail to keep your Storefront operating for a period of three (3) or more consecutive days, or engage in any other conduct under which it is reasonable for us to conclude that you have abandoned the operations of your Storefront.

17.2.3. Certain Acts. Conduct or activity by you, your Designated Manager(s), or Owners that is reasonably likely to have an adverse effect or reflect unfavorably on your Storefront, us, the System, the Marks, or the goodwill associated with them, including (but not limited to) a felony conviction of you or of any of your Owners, or Designated Manager(s).

~~17.2.16.~~ ~~17.2.16.~~ Operation Within Another Franchisee's Territory. You advertise, offer or sell any products or services within the territory of another System franchise, or otherwise knowingly infringe on rights we have granted to a third party.

17.2.17. Sale of Unapproved Seafood, Soups, or Bread. You offer or sell any seafood, soup, or bread items that are not approved by us.

17.2.18. Sale of Other Unapproved Products. You: (a) offer or sell any unapproved product, service or program (other than seafood or soup items); (b) do not sell all Authorized Products or Services we require; or (c) do not use or disseminate (as applicable) all materials, notices and procedures specified by us, and you do not cure such default within forty-eight (48) hours of receiving notice from us of such default.

17.2.19. Failure to Participate in Promotional Campaign. If you fail to participate in a promotional campaign, discount program, or honor a coupon according to the terms we establish within five (5) days of our sending notice to you of your failure, unless the program or campaign is optional and you have previously timely notified us of your election not to participate.

~~17.3.~~ 17.3. Termination After 14-day Cure Period. We have the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within fourteen (14) days after delivery of written notice: (a) you do not obtain or maintain required insurance coverage; (b) you fail to obtain and maintain any permit or license necessary for the operation of your Storefront; (c) your Owners are engaged in a dispute with one another (deadlock) that materially affects the operation of your Storefront, which dispute or deadlock remains unresolved after the expiration of the fourteen (14) day cure period; (d) you fail to resolve customer complaints and/or disputes as required by Section 9.11; or (e) you breach any other term of this Agreement that is not specifically identified in Sections 17.1 or 17.2 of this Agreement, and you do not correct such failure after we deliver to you notice of your failure to comply. The description of any breach in any notice served by us upon you will in no way preclude us from specifying additional or supplemental breaches in any action, arbitration, hearing or suit relating to this Agreement or its termination.

17.4. Effect of Laws. If applicable law will not allow the termination of this Agreement as stated in Sections 17.1, 17.2, or 17.3 above, the concerned default will be subject to the provisions of, and the cure period stated in, Section 17.3. If applicable law requires a longer cure period than that specified in this Agreement, the longer period will apply.

17.5. Our Pre-Termination Options. If you fail to pay any amount owed under this Agreement, or fail to comply with any term of this Agreement or the Operations Manual (subject to applicable notice and cure periods), then, in addition to our right to terminate this Agreement or to bring a claim for damages, we have the following options as we deem necessary:

17.5.1. To suspend all services provided to you under this Agreement or otherwise, including training, marketing assistance, and the sale of products and supplies.

17.5.2. To eliminate listing you in any advertising, marketing or promotional materials, including any directory listings, approved or published by us, and our principal website.

We may continue taking these actions until you comply with the requirements of any default notice that we have sent to you, and we acknowledge your compliance in writing. In the event you breach this Agreement by failing to pay amounts owed to us, or to our Affiliate for food and inventory items that you received, we also have the right to require you to pay via wire transfer for all Royalty Fees, Advertising Fund Contributions, and

to operate your Storefront for as long as we deem necessary and practical. You hereby authorize us to undertake such operation, and agree that our operation of and making corrections to, your Storefront within our reasonable business judgment will not make us or our agents guilty of trespass or any other tort, and that our exercising these rights will not constitute a waiver of any other rights or remedies we may have under this Agreement. If we operate your Storefront, we will have the right to collect and pay from the revenues of your Storefront all expenses relating to the operation of your Storefront including, without limitation, Royalty Fees, Advertising Fund Contributions, payments for inventory and supplies (including payments to our Affiliates), employee salaries, reimbursement of our expenses incurred in connection with such operation (including travel, lodging, and living expenses), and our then-current, reasonable management fee. You must indemnify and hold us harmless from any and all claims arising from the alleged acts and omissions of us and our representatives in exercising rights under this Section.

18. 18-POST TERMINATION OBLIGATIONS

Upon termination or expiration of this Agreement for any reason, or (to the extent applicable) a Transfer by you:

18.1. Cease Use of Marks and System Materials. You must immediately cease all use of the Marks and Trade Dress, the Operations Manual, Confidential Information, Intellectual Property, materials relating to the System and its operation, and Confidential Information, and you must not use any trademarks, tradenames, service marks, or other commercial symbols that indicate or suggest a connection with us.

18.2. Representations of Affiliation. You must immediately refrain from making any representation whatsoever that you are our franchisee, or that you are or have been affiliated with us, and you must immediately take any affirmative action necessary to remove any use of the Marks in connection with your Storefront. You must, at our option and request, assign to us all rights to all telephone numbers, e-mail addresses, URLs, domain names, social media identities, Internet listings, and Internet accounts related to your Storefront. If you do not voluntarily comply with this Section 18.2, we may, at our option, execute in your name and on your behalf, any and all documents necessary to end your use of the Marks and you irrevocably appoint the person serving as our manager or president as your attorney-in-fact to do so. You must take all actions as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks. You must never use any trade name, trademark, or other identifying symbol that is confusingly similar to any of the Marks.

18.3. ~~Payment: Payments: Security Interest.~~ You must pay all sums owed under the terms of any agreement with us or our Affiliates within seven (7) days of termination or expiration of this Agreement, or such later date that any amounts due have been determined by us. Those sums will include ~~all interest, damages, costs and expenses, including reasonable attorneys' fees, incurred by us, whether or not the sums are incurred prior to or subsequent to the termination or expiration of this Agreement. The money you owe us will also include the Liquidated Damages and all other costs and expenses, including, without limitation, reasonable attorneys' fees, costs, and expenses incurred by us in obtaining injunctive or other relief to enforce the provisions of this Agreement.~~

18.3.1. The balance of all outstanding and unclaimed gift cards issued by you.

18.3.2. All interest, damages, costs and expenses, including reasonable attorneys' fees, incurred by us, whether or not the sums are incurred prior to or subsequent to the termination or expiration of this Agreement.

18.3.3. Liquidated Damages.

18.3.4. ~~18.3~~All other costs and expenses, including, without limitation, reasonable attorneys' fees, costs, and expenses incurred by us in obtaining injunctive or other relief to enforce the provisions of this Agreement.

You grant to us a security interest (which will be subordinate to any purchase money security interest) in any equipment, inventory, supplies, furniture and fixtures and goods used or related to your Storefront, to the extent that we have not received all funds due and owing from you. This Agreement will constitute a security agreement granting to us a security interest in the above mentioned collateral, and you must execute any and all financing statements required by us to perfect our security interest in the collateral. We have the right to apply any amounts remaining in your Deposit Account to the money you owe us or our Affiliate(s).

18.4. Return of Operations Manual and Other Confidential Information. You must, within ten (10) days of the termination, deliver to us the Operations Manual and all Confidential Information, Intellectual Property, records, files, computer programs, software, Customer Information, records, files, instructions, correspondence, and any and all other materials relating to the operation of your Storefront that were provided to you, or held by a third party on your behalf, and all copies of those items (all of which you acknowledge is our property). You will retain no copy or record of any of the items listed in this Section

18.4. with the exception only of your copy of this Agreement, correspondence between the parties and any other documents which you reasonably need to comply with law.

18.5. ~~Modify~~ Modify Appearance of Storefront. You must make reasonable modifications to the interior and exterior of any retained Storefront to remove all Marks and otherwise reduce the Storefront's identification as a part of our System. These modifications will include, but will not be limited to, reasonable alterations to the Storefront to eliminate any possibility of consumer confusion.

18.6. Our Right to Purchase Tangible Assets. We have the option to purchase your interest in any or all of your Storefront's inventory, equipment, supplies, advertising materials and signs for a purchase price equal to the lesser of your cost or then-current fair market value, to be determined by a qualified independent third party of our choosing and that we pay for, and we may set off against the purchase price any amounts that you owe us. We will exercise our option by delivering written notice before or within thirty (30) days after this Agreement expires or is terminated.

18.7. Liquidated Damages. If an early termination of this Agreement occurs (which will mean any termination of the Agreement before the end of the Term, other than due to a mutual termination, your valid termination under Section 17.6, or your valid and approved Transfer of the Agreement), you will, within fifteen (15) days of such early termination, pay to us liquidated damages ("**Liquidated Damages**"). You agree that the Liquidated Damages are not a penalty, and that it would be impracticable or extremely difficult for us to calculate the actual amount you would have been obligated to pay us as Royalty Fees and Advertising Fund Contributions through the end of the Term. As a result, the parties agree that the following method of calculation represents a fair and reasonable estimate of our damages. Liquidated Damages will be equal to:

The greater of the combined monthly average of Royalty Fees and Advertising Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us during the six (6) month period prior to the date of early termination; or (b) three thousand five hundred dollars (\$3,500),

multiplied by

The lesser of: (i) twenty-four (24), or (ii) the number of full months remaining in the Term.

18.8. Use of Customer Information and Other Information. We have the right, during and after the Term, to access and use: (i) all information you provide to us contained in your sales and transaction reports, through

attorney fees, incurred by the non-defaulting party in pursuing mediation may be sought as damages in arbitration.

~~19.3.~~19.3. Arbitration. Except as specifically provided in this Agreement, any Dispute that is not resolved through mediation must be settled by binding arbitration administered by the American Arbitration Association in accordance with its then-current Commercial Arbitration Rules (~~“Commercial Rules”~~“Commercial Rules”). Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction over the parties.

19.3.1. Governed by Federal Arbitration Act. The parties acknowledge that this Agreement evidences a transaction involving interstate commerce, and that any arbitration conducted under this Agreement will be governed by the Federal Arbitration Act (9 U.S.C., Secs. 1-16). The parties intend and agree that any state laws attempting to prohibit arbitration or void out-of-state forums for arbitration are preempted by the Federal Arbitration Act, and that arbitration must be conducted as provided in this Section 19.3.

19.3.2. Appointment of Arbitrator. The Dispute will be heard by a single arbitrator, chosen in accordance with the Commercial Rules. The arbitrator, and not any court, will have the sole authority to decide the Dispute, as well as to determine arbitrability of any Dispute.

19.3.3. Qualifications of the Arbitrator. At the option of either party, the arbitrator must be selected from a list of retired federal or state judges supplied by AAA, if available, who have substantive experience in franchise law.

19.3.4. Claims Barred. In connection with any arbitration proceeding, each party must submit any Dispute or claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) in the arbitration. Any such claim which is not submitted or filed as described above will be forever barred.

19.3.5. Payment of Fees and Costs. The parties will equally bear all administrative costs and arbitrator fees in accordance with the Commercial Rules. The parties agree that failure or refusal of a party to pay its required share of the deposits for arbitrator compensation or administrative charges will constitute a waiver by that party to present any evidence or cross-examine witnesses. In such event, the other party will be required to present evidence and legal argument as the arbitrator may require for the making of an award. Such waiver will not allow for a default judgment or award against the non-paying party in the absence of evidence presented as provided for above.

19.3.6. Mandatory Exchange of Information. The parties must exchange the following information within twenty (20) days of the appointment of the arbitrator without further order from the arbitrator. The parties must exchange the name and, if known, the address and telephone number of each individual likely to have information regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of another party to the Dispute. The disclosure must include any witness anticipated for impeachment or rebuttal. The identifying party must identify the subject(s) on which the witness may provide testimony. The parties must also disclose and provide a copy of all documents, data compilations, and tangible things that are in the possession, custody, or control of the party regarding any matter not privileged which is relevant to the subject matter involved in the Dispute, regardless of whether it relates to the claim or defense of the party or that of the other party. The arbitrator may entertain a request to compel the exchange of information or documents not provided by a party in possession of them.

19.3.7. Discovery. Each side may take three (3) depositions. Neither side's depositions may consume

deposition, except to preserve privilege. The total period for the taking of depositions shall not exceed six weeks. No interrogatories or requests to admit may be propounded by either party.

19.3.8. Location. The arbitration must be held in Portland, Maine or at the AAA office closest to our then-current headquarters if we are no longer headquartered in Portland, Maine.

19.3.9. Time of Final Arbitration Hearing or Written Decision. The final arbitration hearing must be held no later than nine (9) months from the date of the arbitration demand. Except as otherwise noted in this Agreement, hearings will take place under the Commercial Rules.

19.3.10. Timing; Type of Award. The arbitrator must agree to comply with the schedule stated in Section 19.3.9 before accepting appointment. However, this time limit may be extended by the arbitrator for good cause shown, or by mutual agreement of the parties. The award of the arbitrator must be accompanied by a reasoned opinion, but they may not declare any trademarks owned by us or our Affiliates generic or invalid.

19.3.11. Award of Fees and Costs. The arbitrator must award to the prevailing party, if any, as determined by the ~~arbitrators~~, arbitrator(s), all of their costs and fees. "Costs and fees" mean all reasonable pre-award expenses of the arbitration, including arbitrator fees, administrative fees, travel expenses, out-of-pocket expenses such as copying and telephone, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees. "Prevailing party" is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided. The "net award" is determined by subtracting the smallest award of money or money equivalent from the largest award. If there is a mixed decision involving an award of money or money equivalent and equitable relief, the arbitrator will award the above fees to the party that it deems has prevailed over the other party using reasonable business and the arbitrator's judgment.

19.4. Injunctive Relief. You acknowledge that a breach of this Agreement by you, which relates to any of the matters set out below, will cause us irreparable harm for which monetary damages are an inadequate remedy. Therefore, in addition to any other remedies we have under this Agreement, we are entitled to seek and obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement with respect to: (i) the Marks; (ii) the System; (iii) Intellectual Property; (iv) the obligations of you upon termination or expiration of this Agreement; (v) Transfers; (vi) Confidential Information; (vii) covenants not to compete with us; and (viii) any act or omission by you or your employees that: (a) constitutes a violation of any Legal Requirement; (b) is dishonest or misleading to customers of your Storefront or other Storefronts or Storefronts; (c) constitutes a danger to your employees or to the public; or (d) may impair the goodwill associated with the Marks or the System. You are entitled to seek and obtain the entry of temporary and permanent injunctions to prevent our improper termination of this Agreement. The parties agree that such requests may be heard by the arbitrator or by a court (subject to Section ~~19.9~~19.10), at the election of the party seeking the same. Neither party will be required to first mediate any claim for injunctive relief. Should a party elect to have its request heard by arbitrator, all such requests shall be heard in accordance with the then-current Commercial Rules. Neither party is required to post a bond or other security with respect to obtaining injunctive relief. If we secure any such injunction, you agree to pay to us an amount equal to the aggregate of our costs and expenses, including without limitation reasonable attorney fees, costs, and expenses, that we incur in obtaining such relief. You agree that your sole remedy, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held. You waive all claims for damages by reason of the wrongful issuance of any such injunction.

19.5. Waiver of Right to Jury Trial. Each party hereby irrevocably waives its rights to trial by jury regarding any Dispute or proceeding arising out of this Agreement or the transactions relating to its subject

matter.

Your Initials: _____ Our Initials: _____

19.6. Waiver of Right to Bring Class, Group, or Collective Action. Arbitration or litigation of any Dispute must proceed solely on an individual basis. The parties expressly and irrevocably waive the right for any Dispute to be arbitrated or litigated on a class action basis, or on bases involving Disputes arbitrated or litigated in a purported representative capacity on behalf of others. The authority of a court or arbitrators to resolve Disputes and make written awards or judgments is limited to Disputes between you and us alone. Disputes may not be joined or consolidated with any other Dispute(s) unless agreed to in writing by all parties. No arbitration award or court decision will have any preclusive effect as to issues or claims in any Dispute with any person or entity not a named party to the arbitration. No previous course of dealing will be admissible to explain, modify, or contradict the terms of this agreement.

Your Initials: _____ Our Initials: _____

19.7. Waiver of Claim for Punitive Damages. To the extent permitted by applicable law, neither of the parties may assert, and each party waives, any claim against the other party (including their respective Affiliates, partners, stockholders, members, officers, directors, agents, employees and controlling persons), on any theory of liability for special, indirect, consequential, or punitive damages (as opposed to direct or actual damages) for any Dispute. The parties further agree that in the event of a Dispute, each of the parties will be limited to the recovery of any: (a) actual damages sustained by it; (b) Liquidated Damages as provided in Section 18.7; and (c) statutory trademark law treble damages. If such claims for punitive damages cannot be waived by law, then the parties agree that any recovery will not exceed two (2) times actual damages.

Your Initials: _____ Our Initials: _____

19.8. Limitations of Claims. If you or we discover an arbitrable claim, the party discovering that claim will have one (1) year from the date of discovery but not to exceed two (2) years from the date the claim occurred, in which to settle the claim or to commence arbitration on the claim. Otherwise the claim or demand will be deemed abandoned and will be barred. This limitations period will not apply to a claim by either party seeking indemnification under this Agreement.

19.9. ~~19.8.~~ Legal Fees, Lees and Expenses. The prevailing party in a judicial or other proceeding between the parties will be entitled to reimbursement of its costs and expenses, including reasonable and actual attorney fees. “Costs and expenses¹²” mean all reasonable pre-award expenses of the arbitration, including arbitrators fees, administrative fees, travel expenses, actual and documented out-of-pocket expenses, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and attorney fees. “Prevailing party” is the party which has obtained the greatest net award in terms of money or money equivalent. If money or money equivalent has not been awarded, then the prevailing party will be that party which has prevailed on a majority of the material issues decided.

19.10. ~~19.9.~~ Choice of Forum/Lorum. To the extent that a judicial action is expressly permitted by Section 19.4, the parties agree that any such cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in a court of competent jurisdiction in Portland, Maine or, if our principal place of business is in a city other than Portland, Maine, then the federal or state court for the jurisdiction in which we then have our principal place of business. **Both parties irrevocably submit themselves to, and consent to, the exclusive jurisdiction of said courts. This Section 19.9-19.10 will survive the termination of this Agreement. You acknowledge that you are aware of the business purposes and needs underlying the language of this Section 19.9-19.10.**

20 GENERAL PROVISIONS

20.1. Severability. All provisions of this Agreement are severable. If pursuant to the decision of any court having jurisdiction, any provisions are not enforceable in whole or in part, the remainder of this Agreement will continue to be in full force and effect, and the affected provisions will be superseded and modified by such applicable law.

20.2. Approvals. Whenever this Agreement requires our prior approval or consent before you take any action, you must make a timely written request to us, and our approval or consent must be obtained in writing. We will not unreasonably withhold or unreasonably delay our response. By providing any waiver, approval, consent, or suggestion to you or in connection with any consent, or by reason of any neglect, delay, or denial of any request, we make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you.

20.3. No Modifications; Waivers. No waiver or modification of this Agreement or of any covenant, condition, or limitation will be valid unless it is made in writing and duly executed by the party to be charged with it. No evidence of any waiver or modification may be offered or received in evidence in any proceeding between the parties arising out of or affecting this Agreement, or the rights or obligations of any party, unless such waiver or modification is in writing, duly executed. Our waiver of your breach of any ~~term~~ term of this Agreement applies only to that one breach and that one ~~term~~ term, and not to any subsequent breach of any term. Acceptance by us of any payments due under this Agreement will not be deemed to be a waiver by us of any preceding breach by you of any term.

20.4. Force Majeure ~~Mai cure~~. Except for monetary obligations under, or as otherwise specifically provided for in, this Agreement, if either party to this Agreement is delayed or hindered in or prevented from the performance of any act required under this Agreement by Force Majeure, then performance of such act is excused for the period of the delay, but no such delay will exceed ninety (90) days. If your Storefront is damaged or destroyed due to a Force Majeure event, you must initiate within thirty (30) days (and continue until completion) all repairs or reconstruction to restore your Storefront to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct your Storefront in accordance with the then-standard layout and decor specifications for Storefronts, we may require you to repair or reconstruct your Storefront in accordance with those specifications.

20.5. Rights are Cumulative. Our and your rights under this Agreement are cumulative, and no exercise or enforcement by us or you of any right or remedy will preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce, except as specifically limited by this Agreement.

20.6. Definitions and Captions. Unless otherwise defined in the body of this Agreement, capitalized terms have the meanings ascribed to them in the Appendix or as defined in this Agreement. All captions in this Agreement are intended for the convenience of the parties, and none may be deemed to affect the meaning or construction of any provision of this Agreement. Wherever the word “including¹” is used, it means “including but not limited to.”

20.7. Persons Bound. This Agreement will be binding on the parties and their respective successors and assigns.

20.8. Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement may be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement that are not defined must be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two (2) or more meanings, one of which would render the provision enforceable and the other(s) which would render the provision unenforceable, the provision must be given the meaning that renders it enforceable.

20.9. Notices. Except as otherwise expressly provided herein, all written notices and reports permitted or required to be delivered by the parties will be deemed so delivered: at the time delivered, if by hand; one (1) business day after transmission, if by overnight delivery service; one (1) business day after transmission, if by facsimile or other electronic system expressly approved in the Operations Manual as appropriate for delivery of notices under this Agreement (with confirmation copy sent by regular U.S. mail); or three (3) business days after placement in the United States Mail by Certified Mail, Return Receipt Requested, postage prepaid. Information for notices is as follows, and you will immediately notify us of any changes to the following contact information:

If to us:
~~CMU~~CML Storefront, EEC
125 John Roberts Road, Unit #2
South Portland, ME 04106

If to you:
The address listed in Addendum 1

20.10. Execution/Counterparts. Two (2) copies of this Agreement may be signed, each of which, when signed, is an original, and which, together, constitute one and the same instrument. This Agreement may be executed in two (2) or more counterparts, each of which constitutes an original, and all of which, when taken together, constitutes one Agreement.

20.11. Survival. All provisions, including the understandings, representations and warranties, which, as a matter of logic or otherwise, need to continue in force and effect subsequent to and notwithstanding the expiration or termination of this Agreement in order to achieve an intended result, will continue in full force and effect despite the absence of such specific language with respect to each of them.

20.12. Third Party Beneficiaries. This Agreement is not for the benefit of any third parties and is only for the benefit of you, us, and our Affiliate(s). Our Affiliate(s) have the right to enforce any terms of this Agreement.

20.13. Release for Prior Agreements. If you or any of your Affiliates, Owners, managers, directors, officers, agents, servants, and employees, have before the date of this Agreement signed any other agreement with us or any of our Affiliates, you hereby release, acquit and forever discharge us and our respective parents, subsidiaries, Affiliates, and successors in interest, and each of their respective directors, officers, agents, servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action, claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to our, or our Affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with us to the Effective Date. It your express intention that this release be as broad as permitted by law, but this Release does not apply to claims that arise under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220.

- (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and, in fact, paid by you to the appropriate governmental authority; or
- (ii) tips from customers given to your employees.

Gross Sales are deemed received by you at the time the products or services from which they were derived are delivered or rendered or at the time the relevant sale takes place, whichever occurs first, regardless of whether final payment (e.g., collection on a customer's personal check) actually has been received by you. Gross Sales consisting of property, products or services will be valued at the retail prices applicable and in effect at the time that they are received. Any amounts deposited in your Storefront's bank accounts are deemed Gross Sales unless proven otherwise.

Improvement(s): Defined in Section 9.18

Indemnified Parties: Defined in Section 14.1.

Initial Franchise Fee: Defined in Section 6.1.

Initial Training Program: Defined in Section 10.1.

Intellectual Property: Inventions, discoveries, know-how, show-how, processes, methods, unique materials, copyrightable works, original data and other creative or artistic works that have value. Intellectual Property includes that which is protectable by statute or legislation, such as proprietary products, methods, procedures, patents, copyrights, trademarks, service marks and trade secrets, as well as the physical embodiments of intellectual effort, for example, models, machines, devices, designs, apparatus, instrumentation, circuits, computer programs and visualizations, biological materials, chemicals, other compositions of matters, and records of research.

Interim Term: Defined in Section 5.3.

Legal Requirements: Any law, code, ordinance, order, rule or regulation (including Anti- Terrorism Laws), of any governmental entity, and any political or other subdivision of any governmental entity, and any agency, department, commission, board, bureau, court or instrumentality of any of them, which, at any time, has competent jurisdiction over you, us, any part of your Storefront, or in your Territory.

Liquidated Damages: Defined in Section 18.7.

Marks: Certain trade names, service marks, trademarks, logos, emblems, Trade Dress and other indicia of origin, including but not limited to the mark "Cousins Maine Lobster®" and such other trade names, service marks, trademarks, copyrights, insignia, emblems, slogans, logos, commercial symbols, signs, trade dress (including designs and specifications and the motif, decor, and color combinations for a Storefront or Food Truck), and all other visual identification, as are now designated, and may hereafter be designated by us, for use in connection with the System.

Mediation Procedures: Defined in Section 19.2.

Non-Traditional Location: A Cousins Maine Lobster® Storefront or Food Truck that is located at or in a transportation facility (including airports, rail or bus terminals, toll road plazas and highway rest stops); port of call; ~~sporting facility, arena, or stadium; urban office building; convention center; convenience store or service station; supermarket; carnival or street fair;~~ institutional feeding facility; government or military institution, base, or facility; shopping mall; educational facility; casino; resort property; amusement park or amusement center.

ADDENDUM 2
FRANCHISE OWNER AGREEMENT

This Franchise Owner Agreement (this “**Agreement**”¹²) is entered into by: (i) each of the undersigned Owners of Franchisee (defined below); and (ii) the spouse of each such Owner, in favor of CML Storefront, LLC, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement. Each signatory to this Agreement is referred to as “you.”

1. **Acknowledgments.**

a. **Franchise Agreement: Franchisee.** The term “**Franchisee,**” as used in this Agreement, is the party that entered, or is entering, into a Franchise Agreement with effective as of _____ (“**Franchise Agreement**”). Capitalized words not defined in this Agreement will have the same meanings given to them in the Franchise Agreement.

b. **Owners’ Role.** Owners are the beneficial Owners of all of the equity interest in Franchisee. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-compete obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Franchise Agreement with Franchisee. Owners will be jointly and severally liable for any breach of this Agreement.

c. **Your Access to Our Confidential Information.** In your capacity as an Owner of Storefront, or the spouse of an Owner of Storefront, you may gain knowledge of our System, Confidential Information, and Intellectual Property (collectively, the “**Know-how**”). You understand that protecting the Intellectual Property is vital to our success and that of our Storefronts and that you could seriously jeopardize our entire Storefront system if you were to unfairly compete with us. In addition, you understand that certain terms of the Franchise Agreement apply to “Owners” and not just Franchisee. You agree to comply with the terms of this Agreement in order to: (i) avoid damaging our System by engaging in unfair competition; and (ii) bind yourself to the terms of the Franchise Agreement applicable to Owners.

2. **System Protection Covenants.** In light of your above acknowledgements, you covenant and agree to the following:

a. **Intellectual Property.** You agree: (i) you will not use the Know-how in any business or capacity other than operating the Storefront; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you or your spouse are no longer an Owner of Franchisee, as applicable. You further agree that you will not use the Know-how for any purpose other than the development and operation of Franchisee’s Cousins Maine Lobster® Storefront under the terms of the Franchise Agreement and Operations Manual. You agree to assign to us or our designee, without charge, all rights to any Improvements developed by you, including the right to grant sublicenses. If any Legal Requirement precludes you from assigning ownership of any Improvement to us, then you covenant, promise and agree that you will perpetually license that Improvement to us free of charge, with full rights to use, commercialize, and sublicense the Improvement.

b. **Unfair Competition During Relationship.** You agree not to unfairly compete with us at any time while you are an Owner of the Storefront, or while your spouse is an Owner of the Storefront, as applicable, by engaging in any of the following (collectively, the “**Prohibited Activities**”): (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor,

representative, agent or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our Affiliates, Storefronts, or Storefronts); and/or (iii) inducing (a) any of our employees or managers (or those of our Affiliates, Storefronts, or Storefronts) to leave their position or (b) any customer of ours (or of one of our Affiliates, Storefronts, or Storefronts) to transfer their business to you or to any other person that is not then a Franchisee of ours.

c. Unfair Competition After Relationship. You agree that, for a period of two (2) years after the termination of the Franchise Agreement or any successor to it (the “**Restricted Period**”⁹) not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within: (a) fifteen (15) miles of the Territory or any Storefront then in existence or under construction; or (b) the territory of any Storefront that is then in operation (the “**Restricted Territory**”). If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of your breach or otherwise impair any of our rights or remedies relating to your breach).

d. Immediate Family Members. You acknowledge that your disclosing Know-how to an immediate family member (i.e., parent, sibling, child, or grandchild) could potentially circumvent the purpose of this Agreement. You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

e. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE. Although you and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration and geographic area, we may at any time unilaterally modify the terms of the system protection covenants in Section 2 of this Agreement upon written notice to you, by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory and/or reducing the scope of any other covenant imposed upon you under Section 2 of this Agreement to ensure that the terms and covenants are enforceable under applicable law.

f. Breach. You agree that failure to comply with the covenants in this Section 2 will cause substantial and irreparable damage to us and/or other Storefronts for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us to injunctive relief. None of the remedies available to us under this Section are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages.⁹

~~3. Transfer Restrictions. If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will~~

9 Transfer Restrictions. If you are an Owner of Franchisee, you acknowledge that we must approve all persons who hold a direct or indirect Ownership interest in Franchisee. Accordingly, you agree that you will not, directly or

~~e. — *No Third Party Beneficiaries.* Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.~~

~~f. — *Construction.* No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.~~

~~g. — *Binding Effect.* This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.~~

~~IN WITNESS WHEREOF, each of Owner or spouse of an Owner has executed this Agreement as of the date or dates set forth below.~~

~~(Add additional pages and signature lines, if necessary for each Owner or spouse of an Owner)~~

~~By: _____ Address: _____~~

~~Name: _____ Telephone: _____~~

~~By: _____ Address: _____~~

~~Name: _____ Telephone: _____~~

By:	Address:
Name:	Telephone:
By:	Address:
Name:	Telephone:

~~Name:~~

~~e. No Third-Party Beneficiaries. Nothing in this Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns and our Affiliates) any rights or remedies under or by reason of this Agreement.~~

~~f. Construction. No provision of this Agreement will be interpreted in favor of or against either party merely because of that party's role in the preparation of this Agreement, or because of the nature or type of this Agreement. All references to gender and number will be construed to include such other gender and number as the context may require. All captions in this Agreement are intended solely for the convenience of the parties and none will be deemed to affect the meaning or construction of any provision of this Agreement.~~

~~g. Binding Effect. This Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.~~

~~IN WITNESS WHEREOF, each of Owner or spouse of an Owner has executed this Agreement as of the date or dates set forth below.~~

ADDENDUM 4

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned, _____ a _____
(“**Assignor**”), hereby assigns, transfers and sets over unto CML Storefront, EEC a Maine limited liability
company (“**Assignee**”) all of Assignor's right, title and interest as tenant in, to and under that certain lease, a
copy of which is attached hereto as Exhibit 1 (the "**Lease**"), respecting the premises commonly known as
_____. This Assignment is for collateral purposes only and except
as specified herein, Assignee will have no liability or obligation of any kind whatsoever arising from or in
connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by
the Lease pursuant to the terms of this Assignment of Lease and assumes Assignor’s obligations under the
Lease.

Assignor represents and warrants to Assignee that it has full power and authority to so assign the Lease and its
interest in the Lease and that Assignor has not previously, and is not obligated to, assign or transfer any of its
interest in the Lease or the premises demised thereby. Upon a default by Assignor under the Lease or a default
or expiration under the Franchise Agreement by and between Assignor and Assignee for a CML Storefront
(the “**Franchise Agreement**”), or in the event of a default by Assignor under any document or instrument
securing said Franchise Agreement or under any other agreement between Assignor and Assignee or its
Affiliates, Assignee will have the right and is empowered to take possession of the premises demised by the
Lease, expel Assignor from the Lease and premises, and, in such event, Assignor will have no further right,
title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the
Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any
renewal of or successor to it, Assignor agrees that it will elect and exercise all options to extend the term of or
renew the Lease not less than thirty (30) days prior to the last day that any such option must be exercised,
unless Assignee otherwise agrees in writing. Upon failure of Assignee to otherwise agree in writing, and upon
failure of Assignor to so elect to extend or renew the Lease as stated in this Assignment of Lease, Assignor
will and hereby does appoint Assignee as its true and lawful attorney-in-fact to exercise such extension or
renewal options in the name, place and stead of Assignor for the sole purpose of effecting such extension of
renewal.

Assignor:

Assignee: CML Storefront, LLC

Assianor:

Bv: _____

Bv: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

ADDENDUM 5

ADDENDUM TO LEASE

This Addendum to Lease (“**Addendum¹²**”), dated _____, 20__ , is entered into by and between _____ (“**Lessor**”), and _____ (“**Lessee**”). In the event of any contradiction or inconsistency between the terms and provisions of this Addendum and the terms and provisions of the Lease to which it is attached, the terms and provisions of this Addendum will control and be interpreted in such a manner as to override any provision of the Lease which would prevent the spirit and letter of the terms and provisions of this Addendum from being given full force and effect. All defined terms not specifically defined in this Addendum will be given the same meaning as the defined terms in the Lease.

A. . The parties hereto have entered into a certain Lease Agreement (“**Lease**”), dated _____ , 20__ , and pertaining to the premises located at _____ (“**Premises**”).

B. Lessor acknowledges that Lessee intends to operate a Cousins Maine Lobster® franchise from the leased Premises pursuant to a Franchise Agreement (“**Franchise Agreement**”) with CML Storefront, LLC (“**Franchisor**”) under the name “Cousins Maine Lobster®” or other name designated by Franchisor (herein referred to as “**Franchised Business**”).

C. The parties now desire to amend the Lease in accordance with the terms and conditions contained herein.

NOW, THEREFORE, it is hereby mutually covenanted and agreed between Lessor and Lessee as follows:

1. Remodeling and Decor. Lessor agrees that Lessee will have the right to remodel, equip, paint and decorate the interior of the Premises and to display the proprietary marks and signs on the interior and exterior of the Premises as Lessee is reasonably required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Lessee may operate a Franchised Business on the Premises. ¹⁰

~~2. Assignment or Subletting. Lessee must agree to attom to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee will have the~~

¹⁰ Assignment or Subletting. Lessee must agree to attom to any assignee of Lessor provided such assignee will agree not to disturb Lessee's possession of Premises. Lessee will have the right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached as Addendum 4: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate; (b) to a duly authorized franchisee of Franchisor; (c) in connection with a merger, acquisition, reorganization or consolidation; or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease will be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document will make Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor of it, and will not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee will at all times remain liable under the terms of the Lease. Franchisor will have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a) below. Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor will be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor

~~right to assign or sublet all of its right, title and interest in the Lease, at any time during the term of the Lease, including any extensions or renewals thereof, without charge and without first obtaining Lessor's consent in accordance with the Collateral Assignment of Lease attached as Addendum 4: (a) to Franchisor or Franchisor's parent, subsidiary, or affiliate; (b) to a duly authorized franchisee of Franchisor; (c) in connection with a merger, acquisition, reorganization or consolidation; or (d) in connection with the sale of Lessee's corporate stock or assets. However, no assignment or sublease will be effective until such time as Franchisor or its designated affiliate gives Lessor written notice of its acceptance of the assignment, and nothing contained herein or in any other document will make Franchisor or its designated subsidiary or affiliate a party to the Lease, or guarantor of it, and will not create any liability or obligation of Franchisor or Franchisor's parent, subsidiary or affiliate unless and until the Lease is assigned or sublet to, and accepted in writing by Franchisor or Franchisor's parent, subsidiary or affiliate. In the event of any assignment or sublease, Lessee will at all times remain liable under the terms of the Lease. Franchisor will have the right to reassign or sublease the Lease to another franchisee without the Lessor's consent in accordance with Section 4(a) below. Lessor understands and agrees that, in connection with Lessee's assignment or subletting of the Lease to a duly authorized franchisee of Franchisor, Franchisor will be permitted to charge "additional rent" or "percentage rent" or other charges to its franchisee as part of its regular plan of franchising, and Lessor will not be entitled to any consideration or additional rent as a result of any fees paid to Franchisor by franchisee pursuant to the Lease or otherwise.~~

3. Default and Notice.

- a. In the event there is a default or violation by Lessee under the terms of the Lease, Lessor must give Lessee and Franchisor written notice of the default or violation within a reasonable time after Lessor receives knowledge of its occurrence. If Lessor gives Lessee a default notice, Lessor must contemporaneously give Franchisor a copy of the notice. Franchisor will have the right, but not the obligation, to cure the default. Franchisor will notify Lessor whether it intends to cure the default and take an automatic assignment of Lessee's interest as provided in Paragraph 4(a). Franchisor will have an additional fifteen (15) days from the expiration of Lessee's cure period in which it may exercise the option, but it is not obligated to cure the default or violation.
- b. All notices to Franchisor must be sent by registered or certified mail, postage prepaid, or by a recognized overnight courier or delivery services to the following address:

CML Storefront, LLC
125 John Roberts Road, Unit #2
South Portland, ME 04106

Franchisor may change its address for receiving notices by giving Lessor written notice of the new address. Lessor agrees that it will notify both Lessee and Franchisor of any change in Lessor's mailing address to which notices should be sent.

- c. Following Franchisor's approval of the Lease, Lessee agrees not to terminate, or in any way alter or amend the same during the Initial Term of the Franchise Agreement or any extension thereof without Franchisor's prior written consent, which will be granted or denied in Franchisor's sole discretion, and any attempted termination, alteration or amendment will be null and void and have no effect as to Franchisor's interests thereunder; and a clause to the effect will be included in the Lease.

ADDENDUM 6
CONDITIONAL ASSIGNMENT

_____ ("you") operate your Storefront within the Territory listed in Addendum 1 to the Franchise Agreement between you and CML Storefront, LLC ("us"). In consideration of the promises, undertakings, covenants and agreements in the Franchise Agreement, you assign to us all telephone numbers, telephone and internet listings, website addresses, domain names, and social media identities you use in the operation of the franchise. We assume the performance of all of the terms, covenants and conditions of your agreement with the telephone company, domain name registrar, internet service provider, or social media company (the "**Company**") concerning the telephone numbers, telephone listings, website addresses, domain names, or social media identities with the full force and effect as if they had originally been issued to us. We will hold this assignment, and will deliver it to the Company or other interested third parties only upon termination of the Franchise Agreement between us.

DATED this _____ day of _____, 202

FRANCHISOR

By:
Its:

FRANCHISEE

By: _____
(Individual)

By: _____
Its: _____

ADDENDUM 7
FRANCHISE RELATIONSHIP ACKNOWLEDGEMENT

Welcome to the Cousins Maine Lobster® team. Because you are becoming a part of the Cousins Maine Lobster® franchise system, it is important that you understand and acknowledge who your employer is, and who is not.

You have been hired and are employed by _____ (Legal Name of franchisee) (“franchisee”, “**Employer**”, “Employer”, “we” or “us”), which is an independent business and franchise owner within the Cousins Maine Lobster franchise system (the “System”). As part of the Cousins Maine Lobster® franchise System, we are licensed and required to operate under the same name, same look, and same way as the other Cousins Maine Lobster® food trucks or restaurants, however, _____ (Legal Name of franchisee) is **not** part of the same company as our franchisor, Cousins Maine Lobster (CML Storefront, LLC), or its Affiliates.

Cousins Maine Lobster and its Affiliates are separate companies which own rights to the Cousins Maine Lobster® name and have devised rules, systems of operation, and policies and procedures that all of its franchisees, including _____ (Legal Name of franchisee) must follow. This enables each independently owned Cousins Maine Lobster® Storefront or Storefront to look and operate the same at every location.

Each Cousins Maine Lobster® franchise owner, including _____ (Legal Name of franchisee) is solely responsible for their own business operations, employees, and all employee related issues. As such, it is important that you understand and acknowledge that _____ (Legal Name of franchisee) is your **only** employer and we are solely responsible for giving you your paycheck, establishing your hours, and any and all decisions relating to your employment relationship.

You hereby accept and acknowledge that our franchisor, Cousins Maine Lobster (CML Storefront, LLC), and its Affiliates are **not** your employer, and if a Cousins Maine Lobster representative ever gives you direction, training, or advice, it is intended **only** to ensure consistency of the Cousins Maine Lobster® brand and to maintain a uniformed customer experience throughout all Cousins Maine Lobster® locations within the franchise System.

If you have any questions about your employment relationship or about this Franchise Relationship Acknowledgement, please direct them to _____ (Legal Name of franchisee), as your Employer.

I have read this Franchise Relationship Acknowledgement and I understand it. I have had the opportunity to ask any questions that I have about this Franchise Relationship Acknowledgement, and those questions have been answered fully to my satisfaction.

Employee Signature

Franchisee (Employer) Authorized Signature

Employee Name

Franchisee (Employer) Name

Date

Date

ADDENDUM 8

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT

This addendum (“Addendum”) to the Agreement is between CML Storefront LLC (“we” “us” or “our”) and _____ and its Owners, _____ and _____ (collectively, “you” or “your”), and is made and entered into on the date we sign it below (the “Effective Date”). This Addendum adds, deletes, amends, changes and modifies certain terms and conditions of the Agreement between us and you.

RECITALS

A. We and you entered into a franchise agreement dated _____ for the operation of a Cousins Maine Lobster® Storefront (the “Renewing Storefront”) in the _____ counties of _____ (the “Expiring Agreement”).

B. Simultaneously with signing this Addendum, you and we are signing a new, successor franchise agreement to the Expiring Agreement (the “New Agreement”).

C. Because you are renewing your relationship with us through the New Agreement, certain provisions in the New Agreement will not apply to you.

D. Further, as a condition of entering into the New Agreement with you, you agreed that we can require you to make such changes as may be necessary to bring your Storefront up to our current standards, including, without limitation, installation of new equipment and software and the remodeling and/or renovation of the Storefront to reflect the then-current standards and image of the System.

E. The Renewing Storefront is not compliant with our current standards for new or renewing Cousins Maine Lobster franchises. To become compliant with these standards, you will need to make certain updates to the Renewing Storefront to allow you to continue operating.

F. As an additional inducement for you and consideration for the New Agreement, we and you wish to modify the terms of the Agreement by agreeing to the following terms, which will modify the New Agreement as provided herein.

NOW, THEREFORE, IN CONSIDERATION of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. **Definitions.** All capitalized terms not otherwise defined in this Addendum refer to the definitions set forth in the Agreement.

2. **Initial Franchise Fee.** Section 6.1 of the New Agreement is hereby amended to reflect that the Initial Franchise Fee is zero dollars (\$0).¹¹

11 Commencement of Business. Subject to your compliance with Section 4 of this Addendum, we approve the Renewing Storefront as meeting our requirements for your Storefront, and we approve their continued and uninterrupted operation within your Territory under the New Agreement. Sections 3.1, 3.3, and 3.4 of the New Agreement are hereby amended accordingly.

CML STOREFRONT, LLC Storefront FA
FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

4. Initial Training Program. Because you are a renewing franchisee, we will not require you or your previously-trained Designated Manager to attend the Initial Training Program in regards to your existing Storefronts. We [may] [will] require you and your Designated Manager to attend re-training with us within _____ days of signing the New Agreement. You agree to pay us \$300 per attendee, per day to attend our re-training. [OR] You agree to pay us \$500 per day plus our reasonable travel expenses for us to train you at your Storefront.

5. Updating Requirements. As soon as possible, and no later than _____, you will make the following changes to your Renewing Storefront:

- a. _____
- b. _____
- c. _____

You agree that time is of the essence for your obligations under this Section 5. For each of the above items, you agree to send to us photographic evidence showing your compliance with these matters on or before the deadline.

6. Inspection and Cleaning. On or before _____, you will:

- a. Engage a third-party foodservice equipment inspection company of your choice to conduct an inspection of your Renewing Storefront for items we designate. Prior to such inspection, you will coordinate with our representative for our then-current requirements, which will include but are not limited to all kitchen equipment. After the inspection, you must: (i) submit to us receipts from the inspection company, the inspection report, and any related notes or communications from the company; and (ii) complete all repairs suggested in the inspection within twenty (20) days after the inspection date.
- b. Engage a third-party foodservice cleaning company to deep-clean the Storefront, and submit to us receipts, photographs, and a video indicating that the cleaning was performed and showing the Storefront both before and after the cleaning.

7. Renewal Fee. We agree to charge you, and you agree to pay, a renewal fee of _____ as required by the Expiring Agreement. You will pay us this amount via ACH on or before the Effective Date.¹²

¹² **General Release.** You (including each and every one of your Owners), on your, her and his own behalf and on behalf of all of your owners, heirs or personal representatives, agents, affiliates, legal entities, and attorneys (including but not limited to _____) (collectively your “Constituents”), hereby release us, our parent companies and subsidiaries, all of our and its respective affiliates (including but not limited to Cousins Maine Lobster, EEC, Cousins Seafood Distribution, EEC, and CML Franchise, EEC), predecessors and successors, and all of our and its respective present or former officers, directors, shareholders, managers, members, partners, franchisees, master franchisees, licensors, representatives, employees, agents, attorneys, employee benefit programs, and the trustees, administrators, fiduciaries and insurers of such programs, and the respective affiliates of each of the foregoing (collectively the “Released Parties”), from any and all claims for relief of any kind, whether known or unknown, which in any way arise out of or relate to the negotiation, sale, purchase, operation, or relationship created by the Agreements and your franchise arrangement with us or any of Released Parties, any agreements between us or any of Released Parties and any of the Constituents, or the parties’ relationship with one another from the beginning of time to the date of this Release, including, but not limited to, any and all claims of

discrimination of any kind, and any contractual, equitable, tort or other claims of any kind or nature. This includes all claims, including but not limited to breach of contract, quasi-contract, implied contract, quantum meruit, unjust enrichment, compensation, deferred compensation, equity interest, any tort claims, any and all claims under any applicable federal laws or under any applicable state or local laws or ordinances or any other legal restrictions on our rights. However, this release does not waive your rights to enforce the terms of this Amendment.

a. You, on your own behalf and on behalf of the Constituents, acknowledge that you are familiar with Section 1542 of the California Civil Code, which reads as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

b. With respect to those claims being released pursuant to this Section 7, you on your own behalf and on behalf of the Constituents, acknowledge that you are releasing unknown claims and waives all rights you have or may have under California Civil Code Section 1542 or any other statute or common law principle of similar effect. For purposes of this Section 10, each of the Constituents will be considered to be a creditor of each of the Released Parties.

c. You, on your behalf and on behalf of the Constituents, acknowledge that this general release extends to claims which you do not know or suspect to exist in your favor at the time of executing this Amendment, which if known by you may have materially affected your decision to enter into this Amendment. You understand that the facts in respect of which this Amendment is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. You therefore expressly assume the risk of the facts turning out to be so different and agree that this Amendment shall be in all respects effective and not subject to termination or termination by any such difference in facts.

You and your Constituents are not giving this general release predicated on any factual representations by us, except for the representations expressly contained in this Amendment.

9. **Conflict with Agreement.** In the event of a conflict between terms stated in the Agreement (including all schedules, attachments, or addenda to the Agreement) and those in this Addendum, the terms stated in this Addendum will control.

10. **Addendum Binding.** This Addendum will be binding upon and inure to the benefit of each party and to each party's respective successors and assigns.

11. **No Further Changes.** Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Agreement will remain in full force and effect as originally written and signed (and subsequently amended).

12. **Counterparts.** This Addendum may be executed in counterparts, all of which shall be given the same force and effect as the original. This Addendum will be effective when the signatures of all parties have been affixed to counterparts or copies.

IN WITNESS WHEREOF, you and we have executed this Addendum as of the dates appearing below.

CML STOREFRONT LLC

FRANCHISEE:

By: _____

By: _____

Print Name:

Print Name:

Its: _____

Its: _____

Date: _____

Date: _____

4814-9564-4859, v.6

CML Storefront, LLC

EXHIBIT C

Financial Statements and Guarantees of Performance

CML Storefront, LLC

EXHIBIT C-1

Financial Statements of Franchisor

We have included audited financial statements for our fiscal years ~~2020~~, 2021, 2022, and ~~2022~~2023.

We have also enclosed non-audited financial statements dated ~~September 30~~March 31, ~~2023~~ 2024. THESE 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.

2: CML STOREFRONT LLC ~~10/12/23~~ **Balance Sheet**

Cash Basis

As of September 30, 2023

2
7:02 PM

Sep 30, 23

ASSETS
Current Assets-Checking/Savings

0
04/23/24
Cash Basis

Profit & Loss
January through March 2024

TOTAL

P

M

	Ordinary Income/Expense Income	
CML STO NOTES TO DECEMBER	<u>Royalty Income</u>	<u>41,190.18</u>
	<u>Franchise Fees</u>	<u>7,197.00</u>
	<u>Loyalty Program Reward</u>	<u>-147.14</u>
	<u>Total Income</u>	<u>48,240.04</u>
	<u>Gross Profit</u>	<u>48,240.04</u>
	Expense	
	<u>Dues and Subscriptions</u>	<u>604.80</u>
	<u>Franchise Compliance & Training</u>	<u>2,042.62</u>
	<u>Bank Service/Merchant Fees</u>	<u>655.28</u>
	<u>Other Expenses</u>	<u>394.93</u>
	<u>Computer and Internet Expenses</u>	<u>270.98</u>
	<u>Consultants</u>	<u>16,378.00</u>
	<u>Insurance Expense</u>	<u>416.19</u>
	<u>Legal & Other Professional</u>	<u>10,000.00</u>
	<u>Office Expenses</u>	<u>25.89</u>
	<u>Personnel Expenses</u>	<u>57,153.67</u>
	<u>Supplies</u>	<u>6,844.05</u>
	<u>Telephone</u>	<u>25.00</u>
	<u>Website Design</u>	<u>18.45</u>
	<u>Total Expense</u>	<u>94,829.86</u>
	<u>Net Ordinary Income</u>	<u>-46,589.82</u>
	Other Income/Expense	
	<u>Other Income</u>	
	<u>Brand Advertising Revenue</u>	<u>19,583.34</u>
	<u>Total Other Income</u>	<u>19,583.34</u>
	<u>Other Expense</u>	
	<u>Brand Advertising Expense</u>	<u>42,301.65</u>
	<u>Interest Expense</u>	<u>896.85</u>
	<u>Total Other Expense</u>	<u>43,198.50</u>
	<u>Net Other Income</u>	<u>-23,615.16</u>
	<u>Net Income</u>	<u>-</u>
	<u>70,204.98</u>	

1:03 PM

CML STOREFRONT LLC

04/23/24

CML STOREFRONT, LLC

Balance Sheet

Accrual Basis

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
As of March 31, 2024
DECEMBER 31, 2022 AND 2021

Mar 31, 24

ASSETS

Current Assets Checking/Savings

BSB Operating Sweep 34,351.21

BSB 1% Sweep 67,862.38

Bangor Savings Bank 4 % 60,653.00 1,000.00

Bangor Savings Bank 78,728.83

Total Checking/Savings 139,381.83 101,213.59

Accounts Receivable

Accounts Receivable 32,508.74

Total Accounts Receivable 32,508.74

Other Current Assets

~~Other Credits/ Receivables~~ Due to/from CML Online Shop 5,159.00 1,035.01

Prepaid Error & Omissions 755.68

Prepaid Worker's Comp 293.77 756.28

Prepaid 795.00
Expenses

	Total Other Current Assets	<u>6,247,772,546.97</u>
CML ST	Total Current Assets	<u>145,629,601,36,269.30</u>
NOTES	TOTAL ASSETS	<u>145,629,601,36,269.30</u>
DECEM		
	LIABILITIES & EQUITY	
	Liabilities	
	<u>Current Liabilities</u>	
	Accounts Payable	
	Liabilities Accounts Payable	<u>3,543.50</u>
	Current Liabilities Total Accounts Payable	<u>3,543.50</u>
	Credit Cards	
	AMEX Storefront	<u>1,679,488,36.83</u>
	Total Credit Cards	<u>1,679,488,36.83</u>
	Other Current Liabilities	
	<u>Payroll 401K Payables</u>	<u>115.00</u>
	<u>Ins. Premium D/T CSD</u>	<u>0.03</u>
	<u>Ins. Premium D/T CMLF</u>	<u>1,130.25</u>
	<u>Ins. Premium D/T CML</u>	<u>1,512.28</u>
	Accrued Interest Expense	<u>6,882,256,029.60</u>
	Franchise Deposits - Current	<u>20,778,0028,788.00</u>
	Due to/from CSD	<u>146,712,353.29</u>
	Due to/from CMLF	<u>72,709,55108,354.03</u>
	Due to/from CML	<u>1,258,722,513.56</u>
	<u>Accrued Expenses</u>	<u>1,597.04</u>
	Franchise Deposits - LT	<u>74,124,5251,435.52</u>
	Payroll Liabilities	<u>5,739,442,904.27</u>
	Payroll Tax Payables	<u>2,278,341,329.73</u>
	Total Other Current Liabilities	<u>183,917,53203,035.48</u>
	Total Current Liabilities	<u>185,597,04207,415.81</u>
	Long Term Liabilities	
	Sba Disaster Releif Loan	<u>95,665.00</u>
	Total Long Term Liabilities	<u>95,665.00</u>
	Total Liabilities	<u>281,262,04303,080.81</u>
	Equity	
	Member Distributions	<u>-33,556.00-22,472.59</u>

2:
2
0
P
M

1:03 PM

CML STOREFRONT LLC

04/23/24

CML STOREFRONT, LLC

Balance Sheet

Accrual Basis

NOTES TO THE FINANCIAL STATEMENTS

As of March 31, 2024

DECEMBER 31, 2022 AND 2021

Mar 31, 24

-87,819.12

-56,519.80

-166,811.51

136,269.30

~~ML
STOREFRONT
LLC~~

10/12/23

Cash Basis

TOTAL LIABILITIES & EQUITY

Total Equity

CML STOREFRONT, LLC
 FINANCIAL STATEMENTS
 DECEMBER 31, 2021 AND 2020

12/23
 Cash Basis

Profit & Loss
January through September 2023

	Jan—Sep 23
Ordinary Income/Expense	
Income	
Royalty Income	255,180.0
Franchise Fees	39,329.0
Loyalty Program Reward	-412.1
Total Income	294,096.8
Gross Profit	294,096.8
Expense	
Retreat Expense	161.7
Health Insurance—Officers	1,296.6
Bank Service/Merchant Fees	205.1
Consultants	43,785.5
Insurance Expense	-53.6
Legal & Other Professional	18,905.0
Licenses & Permits	85.0
Office Expenses	353.2
Personnel Expenses	136,383.5
Postage & Delivery	60.8
Rent Expense	3,584.1
Telephone	180.0
Training Expenses	6,360.4
Total Expense	211,307.5
Net Ordinary Income	82,789.3
Other Income/Expense	
Other Income	
Brand Advertising Revenue	72,623.0
Total Other Income	72,623.0
Other Expense	
Brand Advertising Expense	66,000.4
Interest Expense	2,351.5
Total Other Expense	68,351.9
Net Other Income	4,271.1
Net Income	87,060.4

CML STOREFRONT, LLC

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL
STATEMENTS—CONTINUED
DECEMBER 31, 2023 AND 2022 ~~AND 2021~~

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND

2022 ~~AND 2021~~

V|H

VELEZ*

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL
STATEMENTS ~~CONTINUED~~
DECEMBER 31, 2023 AND 2022 ~~AND 2021~~

Table of Contents

Independent Auditor’s Report.....	1-2
Financial Statements:	
Balance Sheets <u>sheets</u>	3
Statements of Income and Members’ Deficit <u>income and members’ deficit</u>	4
Statements of Cash Flows <u>cash flows</u>	5
Notes to the Financial Statements.....	6-10

Independent Auditor's Report

To the Members CML
Storefront, LLC

Opinion

We have audited the accompanying financial statements of CML Storefront, LLC, which comprise the balance sheets as of December 31, 2023 and 2022 ~~and 2021~~, and the related statements of income and members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CML Storefront, LLC as of December 31, 2023 and 2022 ~~and 2021~~, and the results of its operations and its cash flows for the years then ended 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 CML Storefront, LLC 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CML Storefront, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

CML STOREFRONT, LLC
Identify and assess the risks of material misstatement of the 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 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 CML Storefront, EEC'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CML Storefront, EEC'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~~ the audit.

 Velez & Hardy

~~April 26~~ February
~~29, 2023~~ 2024
Las Vegas, NV

CML STOREFRONT, LLC
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2021 AND 2020
~~2023~~ ~~2022 AND 2021~~

	2022	2021	
ASSETS			
Current Assets:			
Cash	\$ 66,195	\$ 36,850	\$ 81,855
Accounts receivable, net	<u>20,249</u>	23,529	23,618
Prepaid expenses	<u>1,911</u>	894	21,580
Total current assets	<u>88,355</u>	61,273	127,053
Restricted Cash	<u>69,166</u>	51,736	98,639
Total Assets	<u>\$ 157,521</u>	<u>\$ 113,009</u>	\$ 225,692
LIABILITIES AND MEMBERS' DEFICIT			
Current Liabilities:			
Accounts payable	\$ 8,087	\$ -	\$ 68,283
Accrued expenses	<u>23,320</u>	\$29,360	164,132
Due to related parties, net	<u>93,320</u>	52,448	89,300
Current maturities of deferred franchise fees	<u>28,788</u>	51,188	321,715
Total current liabilities	<u>153,515</u>	132,996	544,957
Long-Term Liabilities:			
Deferred franchise fees, net of current	<u>18,633</u>	73,046	116,725
Long-term debt, net of current	<u>95,665</u>	95,665	106,517
Total long-term liabilities	<u>114,298</u>	168,711	223,242
Total Liabilities	<u>267,813</u>	301,707	544,957
Members' Deficit	<u>(110,292)</u>	(188,698)	(319,265)
Total Liabilities and Members' Deficit	<u>\$ 157,521</u>	<u>\$ 113,009</u>	\$ 225,692

CML STOREFRONT, LLC
STATEMENTS OF INCOME AND MEMBERS' DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND
2022 AND 2021
CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

	<u>2023</u>	<u>2022</u>	<u>2021</u>
		\$	\$
Revenue	\$ 490,076	494,343	481,529
Operating Expenses:			
Brand advertising	89,232	76,750	52,400
Insurance	1,593	6,000	4,435
Legal and professional fees	21,905	32,346	43,446
Office expenses and other	1,187	13,357	4,165
Outside services	60,373	40,399	20,500
Rent	4,768	4,800	5,100
Salaries, wages and related	192,894	196,463	190,823
Taxes and licenses	235	835	2,700
Training	13,462	24,493	7,506
Travel and meals	=	3,608	595
Total operating expenses	385,649	399,051	331,670
Income from Operations	104,427	95,292	149,859
Other Income (Expense):			
PPP loan forgiveness	-		94,439
Other income	=	61,987	932
Interest expense	(3,548)	(3,624)	(9,209)
Total other income (expense)	(3,548)	58,363	86,162
Net Income	100,879	153,655	236,021
Members' Deficit, Beginning of Year			(134,374)
Member distributions	(188,698)	(319,265)	(420,912)
	(22,473)	(23,088)	(420,912)
Members' Deficit, End of Year	\$ (110,292)	\$ (188,698)	\$ (319,265)

**CML STOREFRONT, LLC STATEMENTS OF CASH FLOWS
FOR THE YEAR ~~YEARS~~ ENDED DECEMBER 31, ~~2023 AND 2022~~ ~~AND 2021~~**

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities:			
Net income	\$ <u>100,879</u>	\$ 153,655	\$ <u>236,021</u>
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Accrued interest	<u>3,548</u>	3,624	<u>3,914</u>
Bad debt expense	=	2,443	-
PPP loan forgiveness	-		(94,439)
Changes in:			
(Increase) decrease in accounts receivable	<u>3,280</u>	(2,354)	<u>(1,294)</u>
(Increase) decrease in prepaid expenses	<u>(1,017)</u>	20,686	<u>(14,242)</u>
<u>Increase (decrease) in accounts payable</u>	<u>8,087</u>	=	
Increase (decrease) in accrued expenses	<u>(9,588)</u>	(53,399)	<u>28,518</u>
Increase (decrease) in due to related parties	<u>40,872</u>	(111,684)	<u>135,825</u>
Increase (decrease) in deferred franchise fees	<u>(76,813)</u>	(81,791)	<u>(50,875)</u>
Net cash provided by (used in) operating activities	<u>69,248</u>	(68,820)	<u>243,428</u>
Cash Flows From <u>Used In</u> Financing Activities:			
Proceeds from debt borrowings	-		62,225
Member distributions	<u>(22,473)</u>	(23,088)	<u>(420,912)</u>
Net cash used in financing activities	(23,088)		(358,687)
			(115,259)
Net Change in Cash	<u>46,775</u>	(91,908)	<u>295,753</u>
Cash, Beginning of Year	<u>88,586</u>	180,494	<u>295,753</u>
Cash, End of Year	\$ <u>135,361</u>	\$ 88,586	\$ <u>180,494</u>
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$	\$	<u>5,295</u>

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 - NATURE OF THE BUSINESS

The Company was organized in February 2017 as a limited liability company under the laws of the state of Maine. The principal activity of the Company is the sale of franchises that operate a restaurant serving lobster, seafood, and other items under the name "Cousins Maine Lobster" from a storefront location.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of CML Storefront, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 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 available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. ~~Accounts receivable balances were not impacted by the adoption of Topic 606 (as defined in the revenue recognition policy).~~ Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2023 and 2022, the Company did not have any allowance reported.

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (Continued)

~~As of December 31, accounts receivable consisted of the following balances:~~

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts receivable	\$ 23,529	\$ 23,618	\$ 22,324
Allowance for doubtful accounts			
Accounts receivable, net	\$ 23,529	\$ 23,618	\$ 22,324

The contract related receivables were as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Accounts receivable</u>	<u>\$ 20,249</u>	<u>\$ 23,529</u>	<u>\$ 23,618</u>

Revenue Recognition

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred franchise fees	\$ <u>47,421</u>	\$ 124,234	\$ 206,025
Less: current maturities	<u>(28,788)</u>	(51,188)	(89,300)
	<u>\$ 18,633</u>	\$ 73,046	\$ 116,725

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

i of the associated franchise agreements as follows

2023	\$	51,188
2024		38,488
2025		17,088
2026		16,113
2027		1,357
	\$	<u>124,234</u>

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

<u>2024</u>	\$	<u>28,788</u>
<u>2025</u>		<u>7,390</u>
<u>2026</u>		<u>7,388</u>
<u>2027</u>		<u>3,855</u>
	\$	<u>47,421</u>

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Company has determined that services provided in connection with royalties collected and brand building activities provided to the franchisees are highly interrelated with the franchise right and therefore not distinct. As a result, ~~revenues for the brand building fund are recognized on a monthly basis, as they are billed, and reflected on the statements of income and members' deficit under the caption "revenue".~~ they are recognized at a point in time and are recognized monthly based as a percentage of revenues earned by the franchisees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Expenses incurred to provide brand building services are presented on the statement of income and members' deficit under the caption "brand advertising". Brand advertising funds received but not yet spent are accrued until such time as funds are expended.

As of December 31, the timing and recognition of revenue was as follows:

	<u>2023</u>	<u>2022</u>
<u>Services transferred at a point in time</u>	\$ <u>403,265</u>	\$ <u>401,002</u>
<u>Services transferred over time</u>	<u>86,811</u>	<u>93,341</u>
	\$ <u>490,076</u>	\$ <u>494,343</u>

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

flows. The Company's revenue is derived from sources within the United States.

Restricted Cash

For purposes of the balance sheets and the statements of cash flows, restricted cash consists of amounts contributed by franchisees which have been restricted for the marketing and advertising of the Company and its franchisees. The following table provides a reconciliation of cash and restricted cash within the balance sheets that aggregate to the same amounts presented in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
<u>Cash</u>	<u>\$ 66,195</u>	<u>\$ 36,850</u>
<u>Restricted cash</u>	<u>69,166</u>	<u>51,736</u>
<u>Total cash and restricted cash presented in the statements of cash flows</u>	<u>\$ 135,361</u>	<u>\$ 88,586</u>

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, ~~2022~~2023, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, ~~2019~~2020.

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. Under the new standard, the existing incurred loss model was replaced with a current expected credit loss (CECL) model for most receivables and various other financial instruments. Receivable assets under the standard are presented at the net amount expected to be collected through an allowance for credit losses. Expanded disclosures are also required. This ASU is effective for the Company for the year ended December 31, 2023. Management of the Company doesn't believe this guidance has a material impact to the Company's financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Members' deficit was unchanged due to these reclassifications.

~~**NOTE 3 - CASH AND RESTRICTED CASH**~~

~~For purposes of the balance sheet and the statement of cash flows, restricted cash consists of amounts contributed by franchisees which have been restricted for the marketing and advertising of the Company and its franchisees. The following table provides a reconciliation of cash and restricted cash within the balance sheets that aggregate to the same amounts presented in the statement of cash flow.~~

	2022	2021
Cash	\$ 36,850	\$ 81,855
Restricted cash	51,736	98,639
Total cash and restricted cash presented in the statements of cash flows	\$ 88,586	\$ 180,494

Advertising

Advertising costs are expensed as incurred.

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

NOTE 4 ~~NOTE 3~~ - RELATED PARTY TRANSACTIONS

~~As of December 31, the Company had the following balances due to (from) through various entities related common ownership for transactions such as loans and cost sharing:~~

	<u>2022</u>	<u>2021</u>
Due to CML Franchise LLC	\$ 59,972	\$ 155,347
Due to CML WEHO, LLC	54	54
Due to (from) Cousin Maine Lobster, LLC, net	(12,303)	1,600
Due to Cousins Seafood Distribution, LLC	4,725	7,131
	\$ 52,448	\$ 164,132

As of December 31, the Company had the following balances due to (from) various entities related through common ownership for transactions such as loans and cost sharing of insurance and worker's compensation insurance:

	<u>2023</u>	<u>2022</u>
<u>Due to CML Franchise LLC</u>	\$ 87,406	\$ 59,972
<u>Due to CML WEHO, LLC</u>	-	54
<u>Due to (from) Cousin Maine Lobster, LLC, net</u>	1,869	(12,303)
<u>Due to Cousins Seafood Distribution, LLC</u>	4,045	4,725
	<u>\$ 93,320</u>	<u>\$ 52,448</u>

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

NOTE ~~5-4~~ - LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

	<u>2023</u>	<u>2022</u> 2021
On June 11, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$100,700, (EIDL) pursuant to Section 7(b) of the Small Business Act, as amended. The loan matures in June 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in July 2022. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of January 2020. The loan is collateralized by assets of the Company.	\$ 95,665	\$
106,517 <u>95,665</u>		

As of December 31, long-term debt matures as follows:

2023	\$	
2024		
2025		
2026		
2027		
2028		<u>2,359</u>
Thereafter		<u>93,306</u>
	\$	<u>95,665</u>

~~94,517~~95,665

NOTE 6 - REVENUE RECOGNITION

As of December 31, the timing and recognition of revenue was as follows:

	<u>2022</u>		<u>2021</u>	
Services transferred at a point in time	\$ 401,002	\$	366,354	
Services transferred over time	<u>93,341</u>		<u>115,175</u>	
	\$ 494,343	\$	481,529	

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

~~Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.~~

~~NOTE 7~~ NOTE 5 - MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through ~~April 26~~ February 29, 2024, the date on which the financial statements were available to be issued. No other events were identified that required adjustment or disclosure in the financial statements.

~~CML STOREFRONT,~~
~~LLC~~ FINANCIAL
~~STATEMENTS~~ DECEMBER 31,
~~2021 AND 2020~~

CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

CML Storefront, LLC

EXHIBIT C-2

Financial Statements of CMLF

We have also enclosed non-audited financial statements dated March 31, 2024. THESE 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.

10:27 PM

CML FRANCHISE LLC

Profit & Loss

January through March 2024

Jan - Mar 24

Ordinary Income/Expense Income	
Royalty Income	1,147,232.68
Loyalty Program Reward	-8,570.61
Franchise Fees	37,595.00
Total Income	1,176,257.07
Gross Profit	
1,176,257.07	
Expense	
Development Expenses	20,891.81
Franchise Compliance & Training	39,322.79
Admin Expense	3,500.00
Apparel	1,885.95
Bank Service Charges	2,857.02
Vehicle Expenses	19,415.32
Computer and Internet Expenses	3,855.78
Consultants	750.00
Dues and Subscriptions	2,257.38
Gifts	2,765.65
Insurance Expense	5,940.61
Life Insurance Expense	1,895.01
Professional Fees	39,256.77
Licenses & Permits	15.00
Meals & Entertainment	6,219.38
Non-Capital Equipment	12,485.38
Office Expenses	35,809.48
Personnel Expenses	452,600.24
Photography Expenses	3,028.13
Postage & Delivery	970.48
Rent Expense	12,650.00
Shipping	50.79
Supplies	932.21
Telephone Expense	3,040.19
Training	
Travel & Lodging	27,142.00
Utilities	157.50
Website Design	186.55
Total Expense	699,881.42
Net Ordinary Income	476,375.65
Other Income/Expense	
Other Income	
Brand Advertising Revenue	369,964.83
Miscellaneous Income	
Other Income Not Taxable	4,000.00
Total Other Income	373,964.83
Other Expense	
Other Expenses	594.07
Brand Advertising Expense	372,389.46

ELLSWORTH STOUT CML STOREFRONT, LLC FINANCIAL STATEMENTS DECEMBER 31, 2021 AND 2020 CPAs and Consultants ms 04/23/24 Accrual Basis

10:27 PM
12:39 PM

04/23/24
Accrual Basis

CML FRANCHISE SELLER CML FRANCHISE LLC

Profit & Loss
January through March 2024

	<u>Jan - Mar 24</u>
<u>Charitable Donations</u>	<u>500.00</u>
<u>Interest Expense</u>	<u>1,335.90</u>
<u>California Annual \$800 LLC Tax</u>	<u>200.01</u>
<u>Total Other Expense</u>	<u>375,019.44</u>
<u>Net Other Income</u>	<u>-1,054.61</u>
<u>Net Income</u>	<u>475,321.04</u>

10:27 PM

04/23/24

Accrual Basis

CML FRANCHISE LLC

Balance Sheet

As of March 31, 2024

Mar 31, 24

ASSETS

Current Assets

Checking/Savings

BSB Operating Sweep BSB 1% Sweep

544,695.74

Bangor Savings Bank 4023053309

271,114.18

-7,164.06

Total Checking/Savings

808,645.86

Accounts Receivable Accounts

Receivable

650,434.51

Total Accounts Receivable

650,434.51

Other Current Assets Ins. Premium D/F

CMLS Due From CML Online Shop

1,130.25

LLC Due from/to CML NASH Due

124.95

from/to Cousins ME Lob Due from/to

64.50

CML Storefront Due from/to CSD LLC

143,023.77

Prepaid Expenses

108,106.45

Suspense Undeposited Funds

1,128,751.25

Total Other Current Assets

39,237.39

Total Current Assets

5,191.85

2,500.00

Fixed Assets

Intangible Lease Asset Intangible Assets

1,428,130.41

Accumulated Amortization Furniture and

Equipment Accumulated Depreciation

2,887,210.78

Total Fixed Assets

46,000.00

Other Assets

Security Deposit

168,293.18

-30,000.00

4,122.28

Total Other Assets

-31,004.14

TOTAL ASSETS

157,411.32

LIABILITIES & EQUITY

Liabilities

Current Liabilities Accounts Payable

5,050.00

Accounts Payable

5,050.00

Total Accounts Payable

3,049,672.10

Credit Cards

AMEX Franchise

Total Credit Cards

31,007.50

31,007.50

54,316.48

54,316.48

CML FRANCHISE LLC
CML FRANCHISE LLC
Balance Sheet
As of March 31, 2024

Mar 31, 24

<u>Other Current Liabilities</u>	
Prepaid Retreat Contributions	42,500.00
Dental Insurance Payable	147.14
Current Lease Liability	44,283.25
Payroll 401K Payable	2,716.94
Ins. Premium D/T CSD	0.11
Franchise Application Deposits	4,000.00
Accrued Interest Expense	8,994.50
Franchise Deposits - Current	150,510.00
Accrued Expenses/FTB LLC's Fees	64,748.88
Accrued Payroll Taxes	28,475.49
Accrued Wages	48,094.07
Reserve 1% for Advertising	573,651.27
<u>Total Other Current Liabilities</u>	<u>968,121.65</u>
<u>Total Current Liabilities</u>	<u>1,053,445.63</u>
<u>Long Term Liabilities</u>	
Noncurrent Lease Liability	72,963.96
Franchise Deposit Reserve	94,000.00
Franchise Deposits	617,437.94
Security Deposits - Franchises	40,000.00
Sba Disaster Relief Loan	142,500.00
<u>Total Long Term Liabilities</u>	<u>966,901.90</u>
<u>Total Liabilities</u>	<u>2,020,347.53</u>
<u>Equity</u>	
Distributions - BCH	-219,911.09
Distributions - Lomac	-1,406,545.50
Distributions - Tselikis	-1,406,545.50
Retained Earnings	3,587,005.62
Net Income	475,321.04
<u>Total Equity</u>	<u>1,029,324.57</u>
<u>TOTAL LIABILITIES & EQUITY</u>	<u>3,049,672.10</u>

CML FRANCHISE, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**CML FRANCHISE, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**



CML FRANCHISE, LLC
FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022~~AND 2021~~

Table of Contents

Independent Auditor’s Report.....1-2

Financial Statements:

 Balance ~~Sheets~~sheets..... 3

 Statements of ~~Income and Members' Deficit~~income and members’ equity 4

 Statements of ~~Cash Flows~~cash flows 5

Notes to the Financial Statements~~6-14~~6-11



ELLSWORTH * STOUR

CPAs and Consultants Advisors

Independent Auditor's Report

To the Members
CML
~~Storefront~~Franchise
, LLC

Opinion

We have audited the accompanying financial statements of CML ~~Storefront~~Franchise, LLC, which comprise the balance sheets as of December 31, ~~2021-2023~~ and ~~2020~~2022, and the related statements of income and members' ~~deficit~~equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CML ~~Storefront~~Franchise, LLC as of December 31, ~~2021-2023~~ and ~~2020~~2022, and the results of its operations and its cash flows for the years then ended 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 CML ~~Storefront~~Franchise, LLC 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 of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CML ~~Storefront~~Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021



8345 W Sunset Road #200, Las Vegas, NV 89113 | P: (725) 900-3040 | F: (725) 900-3050 | VelezHardy.com

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

ulHH&:t.ihl:1i°0| P:△ H△_ril n°Q'V-

Pv&H fe--

~~In performing~~ In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform ~~perfor~~ audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 CML ~~Storefront~~ Franchise, EEC'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~~ the overall presentation of the financial statements.
 - Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CML ~~Storefront~~ Franchise, EEC'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.



~~March 4~~ February 29, 2022 - 2024
Las Vegas, NV

CML
 STOREFRONT FRANCHISE,
 LUMBA FRANCHISE, LLC
 NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
 DECEMBER 31, 2022 AND 2021

Current maturities of deferred franchise fees	89,300	150,510	108,400	171,620
Current maturities of long-term debt		44,283		15,973
<u>Intangible lease liability, current</u>				
Total current liabilities	<u>321,715</u>	<u>1,034,419</u>	<u>192,445</u>	<u>408,850</u>
Long-Term Liabilities:				
Franchise deposits		40,000		40,000
Deferred franchise fees, net of current	116,725	465,033	148,500	286,853
Long-term debt				
<u>Intangible lease liability, net of current</u>				<u>118,844</u>
<u>Long-term debt, net of current</u>		<u>142,500</u>		<u>142,500</u>
Total long-term liabilities	<u>223,242</u>	<u>720,497</u>	<u>267,344</u>	<u>469,353</u>
Total Liabilities	544,957	1,754,916	459,789	878,203
Members' Deficit	(319,265)	1,635,084	(134,374)	1,409,907
<u>Total Liabilities and Members' Deficit</u>	<u>\$225,692</u>		<u>\$ 325,415</u>	<u>2,288,110</u>
Total Liabilities and Members' Deficit				
<u>Total Liabilities and Members' Deficit</u>	<u>3,390,000</u>		<u>\$ 325,415</u>	<u>2,288,110</u>
Total Liabilities and Members' Deficit				
<u>Total Assets</u>	<u>\$225,692</u>		<u>\$ 325,415</u>	<u>2,288,110</u>
Total Assets				
<u>Total Assets</u>	<u>3,390,000</u>		<u>\$ 325,415</u>	<u>2,288,110</u>

LIABILITIES AND MEMBERS' DEFICIT

Current Liabilities:

Accounts payable	\$ 27,934	\$ 15,887
Accrued expenses	\$68,283	\$ 39,765
	<u>811,692</u>	<u>221,343</u>

CML STOREFRONT FRANCHISE, LLC
STATEMENTS OF INCOME AND MEMBERS' DEFICIT
EQUITY FRANCHISE YEARS ENDED DECEMBER 31, 2021
~~2020 AND 2021~~ **FINANCIAL STATEMENTS - CONTINUED**
DECEMBER 31, 2022 AND 2021

Members' Deficit		<u>\$(319,265)</u>	<u>\$(134,374)</u>
Equity, End of Year		<u>1,635,084</u>	<u>1,409,907</u>
	accounting standards		
Total other income (expense)		<u>601</u>	<u>5,454,201,662</u>
Net Income		<u>236,0212,177,098</u>	<u>195,2932,213,439</u>
Members' Equity (Deficit), Beginning of Year		<u>(134,374)1,409,907</u>	<u>80,2591,989,584</u>
Member distributions		<u>(420,912)(1,951,921)</u>	<u>(228,626)(2,793,116)</u>
Legal and professional fees		<u>43,446</u> 224,118	<u>15,499</u> 276,343
Office expenses and other		<u>4,165</u> 466,550	<u>2,891</u> 237,016
Outside services		<u>20,500</u> 44,915	<u>11,130</u> 109,845
Rent		<u>5,100</u> 57,066	<u>4,200</u> 27,600
Salaries, wages and related		<u>190,823</u> 1,477,944	<u>147,655</u> 1,097,992
Taxes and licenses		<u>2,700</u> 2,335	<u>4,075</u> 7,881
<u>Technology</u>		<u>7,193</u>	<u>5,236</u>
Training		<u>7,506</u> 177,542	<u>7,042</u> 83,887
Travel and meals		<u>595</u> 108,117	<u>466</u> 51,698
Total operating expenses		<u>331,6703,179,873</u>	<u>238,8922,568,092</u>
Income from Operations		<u>149,8592,122,497</u>	<u>189,8392,011,777</u>
Other Income (Expense):			

~~CML STOREFRONT~~ CML FRANCHISE, LLC STATEMENTS
OF CASH FLOWS
FOR THE ~~YEAR~~ YEARS ENDED DECEMBER 31, ~~2021~~ 2023 AND ~~2020~~ 2022

CML FRANCHISE, LLC
 FINANCIAL STATEMENTS

Net Change in Cash	(115,259) <u>1,139,019</u>	134,060 (<u>227,556</u>)
Cash, Beginning of Year	<u>295,753</u> <u>290,794</u>	<u>161,693</u> <u>518,350</u>
Cash, End of Year	<u>\$180,494</u> <u>1,429,813</u>	\$ <u>295,753</u> <u>290,794</u>
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	<u>\$5,295</u> <u>865</u>	\$ -
<u>Cash Flows From Financing Activities:</u>		
Member distributions	(420,912)(<u>1,951,921</u>)	(228,626)(<u>2,793,116</u>)
Changes in:		
(Increase) decrease in accounts receivable	(1,294)(<u>161,907</u>)	(17,977)(<u>30,424</u>)
(Increase) decrease in prepaid expenses	(14,242) <u>11,688</u>	(2,176) <u>684</u>)
(Increase) decrease in due from related parties	<u>308,990</u>	<u>383,611</u>
(Increase) decrease in deposits	(<u>5,050</u>)	=
Increase (decrease) in accounts payable	<u>12,047</u>	<u>14,160</u>
Increase (decrease) in accrued expenses	<u>28,518</u> <u>584,951</u>	(2,784)(<u>81,405</u>)

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

NOTE 1 - NATURE OF THE BUSINESS

The Company was organized in January 2014 as a limited liability company under the laws of the state of California. The principal activity of the Company is the sale of franchises that operate a mobile food truck serving lobster and other seafood items under the name "Cousins Maine Lobster".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of CML Franchise, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 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 available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash

For purposes of the balance sheet and the statements of cash flows, restricted cash consists of amounts contributed by franchisees which have been restricted for the marketing and advertising of the Company and its franchisees. The following table provides a reconciliation of cash and restricted cash within the balance sheets that aggregate to the same amounts presented in the statements of cash flows.

	<u>2023</u>	<u>2022</u>
<u>Cash</u>	<u>\$ 983,241</u>	<u>\$ 169,151</u>
<u>Restricted cash</u>	<u>446,572</u>	<u>121,643</u>
<u>Total cash and restricted cash presented</u>		
<u>in the statements of cash flows</u>	<u>\$1,429,813</u>	<u>\$ 290,794</u>

FINANCIAL STATEMENTS
~~CML STOREFRONT CML FRANCHISE, LLC~~
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED DECEMBER
31, ~~2021-2023~~ AND ~~2020~~2022

NOTE ~~1-2~~ - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

~~This summary of significant accounting policies of CML Storefront, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.~~

~~Nature of the Business~~

~~The Company was organized in February 2017 as a limited liability company under the laws of the state of Maine. The principal activity of the Company is the sale of franchises that operate a restaurant serving lobster, seafood, and other items under the name "Cousins Maine Lobster" from a storefront location.~~

~~Basis of Presentation~~

~~The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.~~

~~Use of Estimates in Preparation of Financial Statements~~

~~The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 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 available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.~~

~~Accounts Receivable~~

~~The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable balances were not impacted by the adoption of Topic 606 (as~~

CML FRANCHISE, LLC
 FINANCIAL STATEMENTS

~~DECEMBER 31, 2021 AND 2020~~

~~defined in the revenue recognition policy). Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. December 31, 2023 and 2022, the Company did not have any allowance reported.~~

~~NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)~~

~~Accounts Receivable (Continued)~~

~~As of December 31, accounts receivable consisted of the following balances:~~

	2021	2020	2019
Accounts receivable	\$ 23,618	\$ 22,324	\$ 4,347
Allowance for doubtful accounts			
Accounts receivable, net	\$ 23,618	\$ 22,324	\$ 4,347

~~Revenue Recognition~~

~~From 2014 through 2018, the Financial Accounting Standards Board ("FASB") issued standards to provide principles within a single framework for revenue recognition of transactions involving contracts with customers across all industries ("Topic 606"). The Company adopted Topic 606 at the beginning of the year ended December 31, 2020 using the modified retrospective method. Below is a discussion of how the Company's revenues are earned, accounting policies pertaining to revenue recognition prior to the adoption of Topic 606 ("Legacy GAAP"), accounting policies pertaining to revenue recognition subsequent to the adoption of Topic 606 and other required disclosures. Refer to Note 6 for information regarding the cumulative effect adjustment recorded to member's equity as of the beginning of the year ended December 31, 2020 to reflect the adoption of Topic 606. Also included in Note 6 is disclosure of the amount by which each balance sheet and income statement line item was impacted in the current reporting period as compared to Legacy GAAP.~~

~~The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non-refundable fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.~~

~~Under Legacy GAAP, initial franchise fees were recognized as revenue upon the completion of initial training. Upon the adoption of Topic 606, the Company has determined that the services provided in exchange for these initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, upon the adoption of Topic 606, initial franchise fees~~

CML FRANCHISE, LLC
 FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

~~are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.~~

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

~~The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:~~

	2021	2020
Deferred franchise fees	\$ 206,025	\$ 256,900
Less: current maturities	(89,300)	(108,400)
	\$ 116,725	\$ 148,500

~~As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:~~

2022	\$ 89,300
2023	53,500
2024	40,800
2025	11,700
2026	10,725
	\$ 206,025

~~Under Legacy GAAP, continuing fees were recognized monthly, as they were earned. The timing and amount of revenue recognized related to continuing fees was not impacted by the adoption of Topic 606.~~

~~Under Legacy GAAP, receipts and expenditures related to brand building activities, such as marketing and advertising, which benefit the brand the franchisees operate under were netted together and presented on the balance sheet as a liability. In accordance with the provisions of Topic 606, the Company has determined that these brand building activities provided to the franchisees are highly interrelated with the franchise right and therefore not distinct. As a result, revenues for the brand building fund are recognized on a monthly basis, as they are billed, and reflected on the statements of income and members' deficit under the caption "revenue". Expenses incurred to provide brand building services are presented on the statement of income and members' deficit under the caption "brand advertising".~~

Advertising

~~Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2021 and 2020, total advertising costs were \$0 and \$968, respectively.~~

Income Taxes

~~As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.~~

~~CML FRANCHISE, LLC
FINANCIAL STATEMENTS
DECEMBER 10, 2021 AND~~

~~As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.~~

~~As of December 31, 2021, the tax years that remain subject to potential examination by taxing authorities begin with~~ The contract related receivables were as follows for the year ended December 31, 2018.:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts receivable	\$ 411,937	\$ 290,849	\$ 260,826

Intangible Assets

Intangible assets are stated at cost, net of accumulated amortization, and consist primarily of software. For intangible assets with definite useful lives, these costs are amortized on a straight-line bases over the assets' estimated useful lives, which are five years.

Revenue Recognition

The Company executes franchise agreements for each franchise which set out the terms of the agreement with the franchisee. Franchise agreements typically require the franchisee to pay an initial, non- refundable fee and continuing fees based upon a percentage of sales or a percentage fee for each franchise awarded. Subject to the Company's approval and payment of a renewal fee, a franchisee may generally renew the franchise agreement upon its expiration.

The Company has determined that the services provided in exchange for initial franchise fees are highly interrelated with the franchise right and are not individually distinct from the ongoing services the Company provides to its franchisees. As a result, initial franchise fees are recognized as revenue over the term of each respective franchise agreement. Revenues for these initial franchise fees are recognized on the straight-line basis, which is consistent with the franchisee's right to use and benefit from intellectual property.

The Company's contract liabilities are comprised of unamortized initial franchise fees. As of December 31, deferred franchise fees consisted of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred franchise fees	\$ 615,543	\$ 458,473	\$ 437,409
Less: current maturities	(150,510)	(171,620)	(170,920)
	\$ 465,033	\$ 286,853	\$ 266,489

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

As of December 31, the Company expects to recognize contract liabilities as revenue over the remaining term of the associated franchise agreements as follows:

<u>2024</u>	<u>\$ 150,510</u>
<u>2025</u>	<u>121,110</u>
<u>2026</u>	<u>105,927</u>
<u>2027</u>	<u>71,266</u>
<u>2028</u>	<u>31,348</u>
<u>Thereafter</u>	<u>135,382</u>
	<u>\$ 615,543</u>

The Company has determined that services provided in connection with royalties collected and brand building activities provided to the franchisees are distinct. As a result, they are recognized at a point in time and are recognized monthly based as a percentage of revenues earned by the franchisees.

Expenses incurred to provide brand building services are presented on the statement of income and members' equity under the caption "brand advertising". Brand advertising funds received but not yet spent are accrued until such time as funds are expended.

As of December 31, the timing and recognition of revenue was as follows:

	<u>2023</u>	<u>2022</u>
<u>Services transferred at a point in time</u>	<u>\$ 5,120,990</u>	<u>\$ 4,392,525</u>
<u>Services transferred over time</u>	<u>181,380</u>	<u>187,344</u>
	<u>\$ 5,302,370</u>	<u>\$ 4,579,869</u>

Advertising

Advertising costs are expensed when incurred or the first time such advertisement appears. For the years ended December 31, 2023 and 2022, total advertising costs were \$18,507 and \$17,818, respectively.

Income Taxes

As a limited liability company, the Company's taxable income or loss is allocated to the members. Therefore, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

As defined by Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

As of December 31, 2023, the tax years that remain subject to potential examination by taxing authorities begin with the year ended December 31, 2020.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Members' equity was unchanged due to these reclassifications.

Recent Accounting Pronouncements

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial instruments. Under the new standard, the existing incurred loss model was replaced with a current expected credit loss (CECL) model for most receivables and various other financial instruments. Receivable assets under the standard are presented at the net amount expected to be collected through an allowance for credit losses. Expanded disclosures are also required. This ASU is effective for the Company for the year ended December 31, 2023. Management of the Company doesn't believe this guidance has a material impact to the Company's financial statements.

Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which, among other things, requires the recognition of lease assets and lease liabilities by lessees, including for those leases classified as operating leases under previous GAAP, along with the disclosure of key information about leasing arrangements. When effective, the ASU supersedes FASB ASC 840, *Leases*, and adds Topic 842, *Leases*, to the FASB ASC. This ASU results in a right-of-use intangible asset and a corresponding liability for lease agreements (see Note 5). The ASU is effective for most nonprofit organizations for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption was permitted. In addition to replacing FASB ASC 840 with FASB ASC 842, the ASU amends and supersedes other Topics throughout the FASB ASC. Effective in January 2023, the Company adopted this guidance with no material impact to the Company's financial statements.

NOTE 3 - INTANGIBLE ASSETS

Intangible assets consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>	
Software	\$ 46,000	\$	=
Less: accumulated depreciation	(3,833)		=
	<u>\$ 42,167</u>	<u>\$</u>	<u>=</u>

Amortization expense related to intangible assets was approximately \$3,833 and \$0 for the years ended December 31, 2023 and 2022, respectively.

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

~~NOTE 2~~ NOTE 4 - RELATED PARTY TRANSACTIONS

As of December 31, the Company had the following balances due ~~to~~ from various entities related through common ownership for transactions such as loans and cost sharing: of rent, insurance, and worker's compensation insurance:

	2023	2022
<u>Due from CML Storefront, LLC</u>	\$ 87,406	\$ 59,972
<u>Due from CML Nashville, LLC</u>	2,583	536.00
<u>Due from (to) CML Online Shop, LLC</u>	16,509	(1,894.00)
<u>Due from CML Weho, LLC</u>	-	40,819
<u>Due from Cousins Maine Lobster, LLC</u>	131,515	305,128
<u>Due from Cousins Seafood Distribution, LLC</u>	1,116,524	1,258,966
	<u>\$ 1,354,537</u>	<u>\$ 1,663,527</u>

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

NOTE 5 - LEASES

During 2023, the Company adopted ASC 842 as discussed in Note 2 under "adoption of recent accounting pronouncements". Accordingly, the Company has recognized an intangible right-of-use lease asset and associated lease obligation in the accompanying financial statements for its material long-term lease arrangements. The standard was implemented using the effective date method under the modified retrospective approach. The Organization has implemented the risk-free rate practical expedient in determining the discount rate applied to calculate the lease asset and associated obligation. The risk-free rates used was approximately 4.6%. The Organization has also elected to exclude short-term leases with terms less than twelve months or those with low asset values as a practical expedient.

In July 2023, the Company entered into a non-cancellable operating lease agreement for office space. The operating lease includes escalating monthly payments ranging from \$4,000 to \$4,244, a term of 3 years, and a maturity date of June 2026. Total rent expense under the lease agreement was \$34,003 and \$0 for the years ended December 31, 2023 and 2022, respectively.

Future minimum lease payments under the lease agreement are due as follows as of December 31, 2023:

<u>2024</u>	<u>\$ 48,720</u>
<u>2025</u>	<u>50,182</u>
<u>2026</u>	<u>25,462</u>
<u>Total lease payments</u>	<u>124,364</u>
<u>Less: interest</u>	<u>(7,117)</u>
<u>Present value of lease obligations</u>	<u>\$ 117,247</u>

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

~~Due to CML Franchise LLC~~

~~Due to CML WEHO, LLC~~

~~Due to Cousins Maine Lobster, LLC~~

~~Due to Cousins Seafood Distribution, LLC~~

	2021		2020
\$	155,347	\$	22,530
	54		-
	7,131		5,777
	1,600		-
\$	164,132	\$	28,307

NOTE 3 NOTE 6 - LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

	2021	2020
On April 15, 2020, the Company was granted a loan from a financial institution in the aggregate amount of \$32,000, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan was set to mature in April 2022, but was fully forgiven during the year ended December 31, 2021.	\$ -	\$ 32,214
On June 11, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$100,700, pursuant to Section 7(b) of the Small Business Act, as amended. The loan matures in June 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in July 2022. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of	106,517	102,603
Total long-term debt	106,517	134,817
Less: current maturities		(15,973)
	\$ 106,517	\$ 118,844

On June 11, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$100,700, (EIDL) pursuant to Section 7(b) of the Small Business Act, as amended. The loan matures in June 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in July 2022. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of January 2020. The loan is collateralized by assets of the Company.

<u>2023</u>	<u>2022</u>
\$ 142,500	\$ 142,500

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

As of December 31, long-term debt matures as follows:

2022	
2023	
2024	
2025	6,188
2026	2,547
2027	97,782
2028	\$ 106,537
Thereafter	137,547
	<u>\$ 142,500</u>

NOTE 4 — REVENUE RECOGNITION

~~As of December 31, the timing and recognition of revenue was as follows:~~

	2021	2020
Services transferred at a point in time	\$ 366,354	\$ 320,331
Services transferred over time	115,175	108,400
	\$ 481,529	\$ 428,731

~~Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.~~

NOTE 5 — COMMITMENTS AND CONTINGENCIES

~~In March 2020, the World Health Organization officially characterized a novel strain of the coronavirus (COVID-19) as a global pandemic. Management is currently responding to the existing effects and planning for the potential future effects that the COVID-19 pandemic may have on the Company's operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Company's future financial statements.~~

NOTE 6 — ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS

~~As discussed in Note 1, the Company adopted Topic 606 at the beginning of the year ended December 31, 2020, using the modified retrospective method. Topic 606 was applied to all contracts with customers as of January 1, 2020 and the cumulative effect of this transition was recorded as an adjustment to members' equity as of this date. As a result, the following adjustments were made to the balance sheet as of January 1, 2020:~~

DECEMBER 31, 2023 AND 2022

**CML STOREFRONT, LLC
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021 AND 2020**

**NOTE 6 – ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS
(Continued)**

BALANCE SHEET

Balances with As Adoption of Topic	Reported 12/31/19	Adjustments	606 1/1/20
ASSETS			
Current Assets:			
Cash	\$ 161,693	\$ -	\$ 161,693
Accounts receivable, net	4,347	-	4,347
Prepaid expenses	5,162	-	5,162
Total current assets	171,202	-	171,202
Total Assets	\$ 171,202	\$ -	\$ 171,202
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)			
Current Liabilities:			
Accrued expenses	\$ 42,549	\$ -	\$ 42,549
Due to related parties, net	9,894	-	9,894
Current maturities of deferred franchise fees	-	79,300	79,300
Total current liabilities	52,443	79,300	131,743
Long Term Liabilities:			
Deferred franchise fees, net of current	38,500	102,000	140,500
Total Liabilities	90,943	181,300	272,243
Members' Equity (Deficit)	80,259	(181,300)	(101,041)
Total Liabilities and Members' Equity (Deficit)	\$ 171,202	\$ -	\$ 171,202

The Company recorded an increase in the deferred franchise fees liabilities of \$181,300 as part of the cumulative adjustment related to unamortized initial franchise fees, with a corresponding adjustment in the same amount to members' equity.

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

~~NOTE 6 — ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS
(Continued)~~

~~The following tables reflect the impact of Topic 606 on the Company's balance sheet as of December 31, 2020 and on the Company's statement of income for the year ended December 31, 2020:~~

BALANCE SHEET

As Reported	Balances under Legacy GAAP	12/31/20	Impact	12/31/20
ASSETS				
Current Assets:				
Cash		\$ 295,753	\$ -	\$ 295,753
Accounts receivable, net		22,324	-	22,324
Prepaid expenses		7,338	-	7,338
Total current assets		325,415	-	325,415
Total Assets		\$ 325,415	\$ -	\$ 325,415
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)				
Current Liabilities:				
Accrued expenses		\$ 39,765	\$ -	\$ 39,765
Due to related parties, net		28,307	-	28,307
Current maturities of deferred franchise fees		108,400	(108,400)	-
Current maturities of long-term debt		15,973	-	15,973
Total current liabilities		192,445	(108,400)	84,045
Long-Term Liabilities:				
Deferred franchise fees, net of current		148,500	35,500	184,000
Long-term debt, net of current		118,844	-	118,844
Total liabilities		459,789	(72,900)	386,889
Members' Equity (Deficit)		(134,374)	72,900	(61,474)
Total Liabilities and Members' Equity (Deficit)		\$ 325,415	\$ -	\$ 325,415

~~The significant impact resulting from the adoption of Topic 606 on the Company's balance sheet as of December 31, 2020, is consistent with those recorded as of January 1, 2020, as described previously.~~

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2023 AND 2022

~~NOTE 6 — ITEMS AFFECTING COMPARABILITY OF NET INCOME AND CASH FLOWS~~
~~(Continued)~~

STATEMENT OF INCOME

	Year ended 12/31/20		
	As Reported	Impact	Balances under Legacy GAAP
Revenue	\$ 428,731	\$ (149,128)	\$ 279,603
Operating Expenses:			
Advertising	968	-	968
Brand advertising	40,728	(40,728)	-
Insurance	4,238	-	4,238
Legal and professional fees	15,499	-	15,499
Office expenses and other	2,891	-	2,891
Outside services	11,130	-	11,130
Rent	4,200	-	4,200
Salaries, wages and related	147,655	-	147,655
Taxes and licenses	4,075	-	4,075
Training	7,042	-	7,042
Travel and meals	466	-	466
Total operating expenses	238,892	(40,728)	198,164
Income from Operations	189,839	(108,400)	81,439
Other Income (Expense):			
Other income	7,571	-	7,571
Interest expense	(2,117)	-	(2,117)
Total other income (expense)	5,454	-	5,454
Net Income	\$ 195,293	\$ (108,400)	\$ 86,893

~~Upon the adoption of Topic 606, the timing and amount of revenue recognized from initial franchise fees and costs recognized from incremental contract costs changed from upfront recognition under Legacy GAAP to recognition over the term of the franchise agreement to which the fees and costs relate. Also, under Legacy GAAP, amounts reported as brand building revenue and expenses were presented on a net basis. Upon the adoption of Topic 606, these amounts require gross presentation in the statement of income.~~

NOTE 7 - MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through ~~March 4~~ February 29, 2022 2024, the date on which the

EXHIBIT C-2

Financial Statements of CMLF

We have also enclosed non-audited financial statements dated September 30, 2023. THESE 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.

10/11/23

Accrual Basis

Profit & Loss

January through September 2023

	Jan -- Sep 23
Ordinary Income/Expense Income	
Royalty Income	3,535,010.64
Loyalty Program Reward	-21,980.29
Franchise Fees	132,281.21
Total Income	3,645,311.56
Gross Profit	3,645,311.56
Expense	
Health Insurance - Officers	19,449.45
Retreat Expenses	131,193.39
Advertising and Promotion	465.00
Apparel	8,150.99
Bank Service Charges	844.21
Vehicle Expenses	46,538.08
Commissions	8,000.00
Computer and Internet Expenses	5,649.30
Dues and Subscriptions	4,650.12
Gifts	29,215.27
Insurance Expense	12,174.03
Life Insurance Expense	8,782.56
Professional Fees	192,994.62
Licenses & Permits	893.12
Meals & Entertainment	16,110.51
Non-Capital Equipment	41,424.23
Office Expenses	86,041.31
Personnel Expenses	1,106,659.08
Photography Expenses	16,274.00
Postage & Delivery	3,585.28
Printing	1,916.99
Rent Expense	19,506.62
Repairs and Maintenance	433.34
Social Media	13,505.45
Supplies	1,215.82
Telephone Expense	6,869.97
Training	132,149.48

10/11/23

Accrual Basis

Profit & Loss

January through September 2023

	Jan—Sep 23
Travel & Lodging	47,875.02
Utilities	2,146.97
Website Design	23,000.00
Total Expense	1,987,714.21
Net Ordinary Income	1,657,597.35
Other Income/Expense	
Other Income	
Brand Advertising Revenue	553,298.16
Miscellaneous Income	35,000.00
Other Income Not Taxable	6,000.00
Total Other Income	594,298.16
Other Expense	
Brand Advertising Expense	384,926.63
Interest Expense	4,480.61
California Annual \$800 LLC Tax	600.03
Total Other Expense	390,007.27
Net Other Income	204,290.89
Net Income	1,861,888.24

CML FRANCHISE, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CML FRANCHISE, LLC
~~NOTES TO THE FINANCIAL~~
~~STATEMENTS CONTINUED~~
DECEMBER 31, 2022 AND 2021~~AND 2020~~

V|H VELEZ*
HARDY
CPAs and Advisors

Independent Auditor's Report

To the Members
CML Franchise, LLC

Opinion

We have audited the accompanying financial statements of CML Franchise, LLC, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CML Franchise, LLC as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended 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 CML Franchise, LLC 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 of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CML Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

~~In performing~~ 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 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 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 CML Franchise, EEC'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~~ the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CML Franchise, EEC'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.

Velez & Hardy *Velez & Hardy*

April 27, 2023
Las Vegas, NV

CML FRANCHISE, LLC
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
CML FRANCHISE, LLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

	2022	2021
ASSETS		
Current Assets:		
Cash	\$ 169,151	\$ 147,985
Accounts receivable, net	290,849	260,826
Prepaid expenses	42,940	42,256
Due from related parties, net	1,663,527	2,047,138
Total current assets	<u>2,166,467</u>	<u>2,498,205</u>
Restricted cash	121,643	370,365
Total Assets	<u>\$ 2,288,110</u>	<u>\$ 2,868,570</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 15,887	\$ 1,727
Accrued expenses	221,343	281,185
Current maturities of deferred franchise fees	171,620	170,920
Total current liabilities	<u>408,850</u>	<u>453,832</u>
Long-Term Liabilities:		
Franchise deposits	40,000	-
Deferred franchise fees, net of current	286,853	266,489
Long-term debt, net of current	142,500	158,665
Total long-term liabilities	<u>469,353</u>	<u>425,154</u>
Total Liabilities	878,203	878,986
Members' Equity	<u>1,409,907</u>	<u>1,989,584</u>
Total Liabilities and Members' Equity	<u>\$ 2,288,110</u>	<u>\$ 2,868,570</u>

CML FRANCHISE, LLC
STATEMENTS OF INCOME AND MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
CML FRANCHISE, LLC

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2021 AND 2020

	2022	2021
Revenue	\$ 4,579,869	\$ 4,239,574
Operating Expenses:		
Advertising	17,818	-
Amortization	-	4,500
Brand advertising	594,938	458,714
Insurance	57,838	11,517
Legal and professional fees	298,660	83,751
Office expenses and other	237,016	92,629
Outside services	87,528	75,058
Rent	27,600	36,200
Salaries, wages and related	1,097,992	734,658
Taxes and licenses	7,881	3,441
Technology	5,236	4,147
Training	83,887	44,097
Travel and meals	51,698	18,713
Total operating expenses	2,568,092	1,567,425
Income from Operations	2,011,777	2,672,149
Other Income (Expense):		
PPP loan forgiveness	-	65,500
Other income	207,060	137,636
Interest expense	(5,398)	(13,330)
Total other income (expense)	201,662	189,806
Net Income	2,213,439	2,861,955
Members' Equity, Beginning of Year	1,989,584	470,530
Member distributions	(2,793,116)	(1,342,901)
Members' Equity, End of Year	\$ 1,409,907	\$ 1,989,584

**CML FRANCHISE, LLC STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021**

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

	2022	2021
Cash Flows From Operating Activities:		
Net income	\$ 2,213,439	\$ 2,861,955
Adjustments to reconcile net income to net cash provided by operating activities:		
PPP loan forgiveness	-	(65,500)
Accrued interest	5,398	5,392
Amortization	-	4,500
Bad debt expense	401	-
Changes in:		
(Increase) decrease in accounts receivable	(30,424)	(13,258)
(Increase) decrease in prepaid expenses	(684)	(31,357)
(Increase) decrease in due from related parties	383,611	(1,281,911)
Increase (decrease) in accounts payable	14,160	(14,785)
Increase (decrease) in accrued expenses	(81,405)	(9,107)
Increase (decrease) in deferred franchise fees	21,064	26,609
Increase (decrease) in franchise deposits	40,000	-
Net cash provided by operating activities	<u>2,565,560</u>	<u>1,482,538</u>
Cash Flows From Financing Activities:		
Member distributions	(2,793,116)	(1,342,901)
Net cash used in financing activities	<u>(2,793,116)</u>	<u>(1,342,901)</u>
Net Change in Cash	(227,556)	139,637
Cash, Beginning of Year	518,350	378,713
Cash, End of Year	\$ 290,794	\$ 518,350
<u>Supplemental disclosure of cash flow information:</u>		
Cash paid for interest	\$	\$ 7,500

NOTE 1 - NATURE OF THE BUSINESS

The Company was organized in January 2014 as a limited liability company under the laws of the state of California. The principal activity of the Company is the sale of franchises that operate a mobile food truck serving lobster and other seafood items under the name "Cousins Maine Lobster".

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of CML Franchise, LLC (the "Company") is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting, which recognizes income when earned and expenses when incurred.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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 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 available for current use with original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. Management believes the Company is not exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

The Company's receivables are primarily generated from ongoing business relationships with franchisees as a result of franchise agreements. Accounts receivable is stated at the amount the Company expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

ownership for transactions such as loans, cost sharing, and rental income:

	<u>2022</u>	<u>2021</u>
Due from CML Storefront, LLC	\$ 59,972	\$ 155,347
Due from CML Nashville, LLC	536	-
Due to CML Online Shop, LLC	(1,894)	-
Due from CML Weho, LLC	40,819	40,670
Due from Cousins Maine Lobster, LLC	305,128	350,362
Due from Cousins Seafood Distribution, LLC	1,258,966	1,500,759
	<u>\$ 1,663,527</u>	<u>\$ 2,047,138</u>

The Company incurred rent expense to Cousins Maine Lobster, LLC during the years ended December 31, 2022 and 2021 of \$0 and \$15,000, respectively.

The Company incurred rent expense to Cousins Seafood Distribution, LLC during the years ended December 31, 2022 and 2021 of \$9,600 and \$0, respectively.

The Company incurred rent expenses with some of its members for auto leases during the years ended December 31, 2022 and 2021 of \$18,000 and \$18,000, respectively.

The Company shares the payment of consulting fees with the commonly controlled entity. The amount of consulting fees allocated to the Company for the years ended December 31, 2022 and 2021 were \$47,636 and \$3,830, respectively.

NOTE 5 - INTANGIBLE ASSETS

As of December 31, the gross carrying amounts of intangible assets, accumulated amortization, and accumulated impairment loss consisted of the following:

	<u>2022</u>	<u>2021</u>
Intangible asset	\$ 30,000	\$ 30,000
Less: accumulated amortization	(30,000)	(30,000)
Less: impairment loss		
	<u>\$ -</u>	<u>\$ -</u>

Total amortization expense for the years ended December 31, 2022 and 2021 was \$0 and \$4,500, respectively. The Company amortizes intangible assets on the straight-line method over ten years unless a shorter useful life is more appropriate.

CML Storefront FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

NOTE 6 - LONG-TERM DEBT

As of December 31, long-term debt consisted of the following:

	<u>2022</u>	<u>2021</u>
On June 11, 2020, the Company was granted an Economic Injury Disaster Loan (EIDL) from a financial institution in the aggregate amount of \$150,000, pursuant to Section 7(b) of the Small Business Act, as amended.		
The loan matures in June 2050 and bears interest at a fixed rate of 3.75% per annum, payable monthly commencing in July 2022. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties.		
Funds from the loan may only be used as working capital to alleviate economic injury caused by the disaster occurring in the month of		
January 2020. The loan is collateralized by assets of the Company.	\$ 142,500	\$ 158,665

As of December 31, long-term debt matures as follows:

2023	—————	\$	
<u>2023</u>			
2024			
2025			
2026			
<u>2023</u>			
2027	1,687		
	<u>140,813</u>		
7			
Thereafter	<u>\$ 142,500</u>		
40,813			

~~\$ 142,500~~

NOTE 7 - REVENUE RECOGNITION

As of December 31, the timing and recognition of revenue was as follows:

	<u>2022</u>		<u>2021</u>
Services transferred at a point in time	\$ 4,392,525	\$	4,060,583
Services transferred over time	187,344		178,991
	<u>\$ 4,579,869</u>	\$	<u>4,239,574</u>

Various economic factors such as supply and demand, laws and policies and labor affect revenues and cash flows. The Company's revenue is derived from sources within the United States.

CML Storefront FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

Table of Contents

Independent Auditor's Report..... 1-2

Financial Statements:

Balance Sheets 3

Statements of Income and Members' Equity 4

Statements of Cash Flows 5

Notes to the Financial Statements 6-15

ELLSWORHTOUR

CPAs and
Consultants

Independent Auditor's Report

To the
Members
CML
Franchise,
LLC

Opinion

~~We have audited the accompanying financial statements of CML Franchise, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.~~

~~In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CML Franchise, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended 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~~

**CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021**

~~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 CML Franchise, LLC 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 Financial Statements

~~Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.~~

~~In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CML Franchise, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.~~

Auditor's Responsibilities for the Audit of the Financial Statements

~~Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.~~



AciriL
y Fflumeul CEnLti TO&I W. Ch:L ltfEie>ft
BJvU-£tl _____ NVagi-17

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

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 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 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 CML Franchise, EEC'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 financial statements.~~
- ~~Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CML Franchise, EEC'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.~~

March 11, 2022 Las Vegas, NV
CML FRANCHISE,
LLC BALANCE
SHEETS
DECEMBER 31,
2021 AND 2020

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

	2021	2020
ASSETS		
Current Assets:		
Cash	\$ 518,350	\$ 378,713
Accounts receivable, net	260,826	247,568
Prepaid expenses	42,256	10,899
Due from related parties	2,047,138	765,227
Total current assets	<u>2,868,570</u>	<u>1,402,407</u>
Other Assets:		
Intangible asset, net	-	4,500
Total Assets	<u>\$ 2,868,570</u>	<u>\$ 1,406,907</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,727	\$ 16,512
Accrued expenses	281,185	290,292
Current maturities of deferred franchise fees	170,920	160,600
Current maturities of long-term debt	-	32,693
Total current liabilities	<u>453,832</u>	<u>500,097</u>
Long-Term Liabilities:		
Deferred franchise fees, net of current	266,489	250,200
Long-term debt, net of current	158,665	186,080
Total long-term liabilities	<u>425,154</u>	<u>436,280</u>
Total Liabilities	<u>878,986</u>	<u>936,377</u>
Members' Equity	<u>1,989,584</u>	<u>470,530</u>
Total Liabilities and Members' Equity	<u>\$ 2,868,570</u>	<u>\$ 1,406,907</u>

CML FRANCHISE, LLC
STATEMENTS OF INCOME AND MEMBERS'
EQUITY FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022 AND 2021

	2021	2020
Cash Flows From Operating Activities:		
Net income	\$ 2,861,955	\$ 1,822,555
Adjustments to reconcile net income to net cash provided by operating activities:		
PPP loan forgiveness	(65,500)	-
Accrued interest	5,392	3,273
Amortization	4,500	6,000
Depreciation	-	20,687
Gain on disposal of property	-	(8,078)
Changes in:		
(Increase) decrease in accounts receivable	(13,258)	(143,039)
(Increase) decrease in prepaid expenses	(31,357)	9,024
(Increase) decrease in due from related parties	(1,281,911)	(754,421)
Increase (decrease) in accounts payable	(14,785)	10,843
Increase (decrease) in accrued expenses	(9,107)	217,149
Increase (decrease) in deferred franchise fees	26,609	(21,300)
Net cash provided by operating activities	1,482,538	1,162,693
Cash Flows From Investing Activities:		
Purchase of property and equipment	-	(2,740)
Proceeds from sale of property and equipment	-	66,000
Net cash provided by investing activities	-	63,260
Cash Flows From Financing Activities:		
Proceeds from debt borrowings	-	215,500
Principal debt payments	-	(41,621)
Member distributions	(1,342,901)	(1,320,125)
Net cash used in financing activities	(1,342,901)	(1,146,246)
Net Change in Cash	139,637	79,707
Cash, Beginning of Year	378,713	299,006
Cash, End of Year	\$ 518,350	\$ 378,713
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 7,500	\$ 3,744

CML FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

GUARANTEE OF PERFORMANCE

For value received. CML FRANCHISE ~~EE~~LLC, a Maine limited liability company located at 125 John Roberts Road, ~~Unit #2, South Portland,~~ME 04106 (the "Guarantor"), absolutely and unconditionally guarantees to assume the duties and obligations of CML STOREFRONT, ~~EE~~LLC, a Maine limited liability company located at 125 John Roberts Road, Unit #2, South Portland, ~~ME~~04106 (the "Franchisor"), under its franchise registration in the State of Minnesota, and under its Franchise Agreement identified in its June 10, 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time.

This guarantee continues until all such initial pre-opening obligations of the Franchisor under its franchise registrations in Minnesota and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees in Minnesota under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee in Minnesota **CML Storefront, LLC** 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 ~~South Portland, Maine~~ **Guarantee of Performance (Hawaii)** on the ~~24th~~ 21st of September, 2022.

GUARANTOR:

CML Franchise ~~EE~~LLC,
a Maine limited ~~liability~~liability company

By: ~~^~~^

Name: Nicholas R. Loukes

Title: General Counsel

EXHIBIT C-4

Name: Nicholas R. Loukes

Title: General Counsel

GUARANTEE OF PERFORMANCE

For value received, ~~CML FRANCHISE LXC~~LLC, a Maine limited liability company, located at 125 John Roberts Road, Unit ~~U2,~~ #2, South Portland, ME 04106 (the "~~Guarantor~~" Guarantor"), absolutely and unconditionally guarantees to assume the duties and obligations of CML STOREFRONT, LLC.

a Maine limited liability company located at 125 John Roberts Road, Unit #2, South Portland, ME 04106 (the "Franchisor"), under its franchise registration in the State of Hawaii, and under its Franchise Agreement identified in its June 10, 2022 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time.

This guarantee continues until all such initial pre-opening obligations of the Franchisor under its franchise registrations in Hawaii and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees in Hawaii under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee in Hawaii 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.

Guarantee of Performance (Hawaii)

The Guarantor signs this guarantee at Saco, Maine on the 6^h day of September, 2022.

GUARANTOR:

C
M
L
F
Maine limited liability company
Franchise LLC,
a ~~MtM~~

By:

CML Storefront, LLC

~~Name: Nicholas R.~~

~~Loukes Title: General~~

~~Counsel~~

EXHIBIT C-5

Guarantee of Performance (Virginia)

GUARANTEE OF PERFORMANCE

For value received, CML FRANCHISE EEC, a Maine limited liability company, located at 125 John Roberts Road, Unit #2, South Portland, ME 04106 (the “Guarantor”), absolutely and unconditionally guarantees to assume the duties and obligations of CML STOREFRONT, EEC, a Maine limited liability company located at 125 John Roberts Road, Unit #2, South Portland, ME 04106 (the “Franchisor”), under its franchise registration in the State of California, and under its Franchise Agreement identified in its ~~June 12~~May 2, 2023- 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time.

This guarantee continues until all such initial pre-opening obligations of the Franchisor under its franchise registrations in California and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees in California under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee in California 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

The Guarantor signs this guarantee at City and State on
the day of 6/6/2024 2024
assigns.

The Guarantor signs this guarantee at ~~Los Angeles~~ ^ California on
the day of ~~October~~ 2023.

GUARANTOR:

CML Franchise EEC,
a Maine limited liability company **426**

Sabin L^naejPet By:i
10,202311:33 Name: **Sabin**
PDT) **Lomae**

Title: **Manager/Owner**

By: J afaziim M&atJg
Name: SNAIKHIGGINS
Title: President

~~fn~~^o/_o Cousins Maine Lobster

CML Storefront, LLC Franchise

Operations Manual- 2019-Version 01.01.19

Table of Contents

About This Manual	i
Acknowledgment Form	iii
Operations Manual Confidentiality Agreement, Franchisor Copy	iv
Operations Manual Confidentiality Agreement, Franchisee Copy	vi

Welcome and Overview

Welcome	1-2
About Cousins Maine Lobster	1-3
Suggested Startup Checklist	1-7
Exhibits to Chapter 1	1-8
1A Suggested Startup Checklist.....	1-9

Finding and Leasing a Location

Finding a Location	2-2
Cousins Maine Lobster® Site Selection Requirements	2-3
Estimating Costs	2-4
The Leasing Process	2-5
Lease Execution	2-9
Early Lease Termination by the Landlord	2-11
Written Notices to the Landlord	2-11
Relocation Policy	2-11
Exhibits to Chapter 2.....	2-12
2A Cousins Maine Lobster® Site Selection Workletter.....	2-13
2B CML Storefront, LLC Premise Lease Agreement Rider	2-17

Total Pages in Manual **426**

Administration & Reporting Requirements

Registration of Your Trade Name or Fictitious Name	3-2
Working with Cousins Maine Lobster & Your Franchise Directors.....	3-3
Online Library	3-5
The Business Week	3-5
Required Hardware, Software, and Other Technology	3-5

Exhibits to Chapter 12.....	12-20
12A Suspect Identification Form	12-21
12B Incident Report.....	12-22

Evaluation & Compliance of Brand Standards

The Importance of Compliance	13-2
Compliance of Construction & Design Standards.....	13-2
Correcting Non-Compliance	13-3
Mystery Shopping	13-3
Evaluation Access	13-3
General Standards for Evaluation	13-4
Specific Areas of Compliance	13-5
Evaluating Your Own Location.....	13-7
Exhibits to Chapter 13	
None.	

Preparing for Opening Day

When Construction is Complete.....	14-2
* Cousins Maine Lobster® Pre-Opening Checklist.....	14-2
Promotional & Opening Assistance	14-6
Opening Day Inventory	14-7
Company Training	14-8
Grand Opening Event	14-8
Opening Day Checklist.....	14-9
A Final Word	14-9
Exhibits to Chapter 14.....	14-9
14A (Unofficial) Opening Day Checklist	14-10
14B Opening Day Key Contact List.....	14-17
14C Example of an Opening Day Press Release	14-18
<u>Total Pages in Manual.....</u>	<u>426</u>

CML Storefront, LLC

EXHIBIT E

Form of General Release

GENERAL RELEASE

As a condition to CML Storefront, LLC's ("Franchisor") consent to **[grant a Successor Franchise Agreement to] [the proposed transfer of the Franchise Agreement] [obtain an additional Cousins Maine ~~Lobster~~TM Lobster® franchise]** by **[name of franchisee]** ("Franchisee") under the Franchise Agreement dated _____ **[date of Franchise Agreement]**, the undersigned, and each of their respective corporate parents, subsidiaries. Affiliates, successors in interest, heirs and assigns, and each of their respective owners. Managers, directors, officers, agents, servants, and employees, as applicable, whether specifically mentioned herein or not, do hereby release, acquit and forever discharge Franchisor and its respective parents, subsidiaries. Affiliates, and successors in interest, and each of their respective directors, officers, agents,

servants, employees, whether specifically mentioned herein or not, of and from any and all liability, actions, causes of action. Claims, debts, demands, damages and liabilities to person(s) or property, costs, expenses and compensation of every nature, kind and character whatsoever, whether known or unknown, foreseen or unforeseen, direct, indirect, contingent or actual, liquidated or unliquidated, whether statutory, contract, or in tort on account of or in any way connected with or related to Franchisor's, or Franchisor's Affiliate's, offer, sale, grant of, construction, subleasing, operation of, assistance with operation of, or development of franchises or franchise rights in any and all franchise locations awarded at any time to the undersigned and from the inception of any contact with Franchisor to the date of this Release. It is the express intention of the undersigned that this Release be as broad as permitted by law. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Undersigned represents and warrants that execution hereof is free and voluntary; that no inducements, threats, representations, or influences of any kind were made or exerted by or on behalf of Franchisor; and that, prior to the execution hereof, undersigned was given the opportunity, if desired, to consult with counsel. This Release shall be binding upon the undersigned, their heirs, successors and legal representatives. Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require. This Release may not be changed orally.

NOTE: IF THE RECIPIENT IS A CORPORATION, PARTNERSHIP, OR OTHER ENTITY, EACH OF ITS PRINCIPALS AND OWNERS / MANAGERS / SHAREHOLDERS AND A DULY AUTHORIZED OFFICER MUST EXECUTE THIS RELEASE (Attach Additional Sheets if ~~Necessary~~Necessary).

By: _____

Name: _____

By: __

Name:

fee owed by you to us or our Affiliates.

For the purposes of Cal. Bus. & Prof. Code Section 20035, the parties agree as follows:

“Fair market value of the franchise assets” means the value of your Assets, valued according to the declining-balance method of depreciation. The purchase price by us for the Assets will not include the cost of removal and transportation of those assets, which will be your responsibility.

“Fair market value of the franchised business” means the “fair market value of the franchise assets” as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by you to us within the 12-month period immediately before our termination or failure to renew you in violation of the California Franchise Relations Act.

The Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a requirement for us to obtain a Guarantee of Performance from a guarantor who shows financial ability to meet the franchisor’s obligations. Our guarantor is CML Franchise LLC and their financial statements are attached to this FDD in Exhibit C-2. We will provide you with a copy of the Guarantee of Performance upon request.

The Compliance Questionnaire is hereby amended as follows:

California Franchisees are not required to complete the Compliance Questionnaire. If any California franchisee completes the Compliance Questionnaire, we will destroy, disregard, and will not rely on such Compliance Questionnaire.

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.

FOR THE STATE OF CONNECTICUT:

The following statement is added to the cover page of the Franchise Disclosure Document:

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

The following statement is added to Item 3 of the Franchise Disclosure Document:

Total Pages in Manual or completed actions against us relating to Securities Laws; Business Opportunity Laws; Actions Brought by Present or Former Purchaser-Investors Involving Franchise; or Business Opportunity Relationships that are required to be disclosed in this Disclosure Document.

The FDD and Franchise Agreement are hereby modified to state that, if we require you to purchase products, equipment or supplies from us but fail to provide those products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within 45 days of the required opening date stated in your contract, you may notify us in writing and demand that the contract be canceled.

any other term of any document executed in connection with the franchise.

FOR THE STATE OF MINNESOTA:

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement that would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, form, or remedies provided for by the laws of Minnesota.

3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, form, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Agreement which would require you to waive your rights to any procedure, form or remedies provided for by the laws of the State of Minnesota is deleted from any Agreement relating to franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Agreement relating to arbitration.

4. With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subdivisions. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for ~~non-~~renewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.

~~renewal of the Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.~~

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Agreement and our System standards. Notwithstanding anything to the contrary in the Franchise Agreement, we will protect your rights under this Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.

Total Pages in Manual 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the provisions of the Franchise Agreement that require you to sign a general release prior to renewing or transferring your franchise are hereby deleted from the Franchise Agreement. **426**

7. The following language will be added to the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in this Agreement will in any

way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

9. Minnesota Statute Section 80C. 17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues.

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.

[This Area is Intentionally Left Blank]

FOR THE STATE OF NORTH DAKOTA:

Sections of the Franchise Disclosure Document, Franchise Agreement requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

The Franchise Agreement and Confidentiality / Non-Competition Agreement contain a covenant not to compete which may not be enforceable under North Dakota law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Section of the Franchise Disclosure Document and Franchise Agreement requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by 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.

FOR THE STATE OF OHIO:

The following language will be added to the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

[This Area is Intentionally Left Blank]
NOTICE OF CANCELLATION

_____ (enter date of ~~transaction~~ Questionnaire Continues on Next Page)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The post-termination non-competition provision in Section 16.5 of the Franchise Agreement may not be enforceable in Washington.

Section 16.7 of the Franchise Agreement is hereby deleted in its entirety.

Section 17.7 of the Franchise Agreement is hereby deleted in its entirety.

Section 17.8 of the Franchise Agreement is hereby amended and restated as follows:

17.8. Step-In Rights and Management. To prevent any ~~interruption~~intermption of business of your Food Truck and any injury to the goodwill and reputation of your Food Truck, the System, or other Food Trucks or Storefronts which may be caused by such ~~interruption~~intermption, in the event of: (a) your default under this Agreement; (b) our reasonable belief that a condition of your Food Truck or any product sold at your Food Truck poses a threat to the health or safety of customers; or (c) your death or permanent incapacity (mental or physical), we will have the right (but not the obligation) to operate your Food Truck for a reasonable period, not to exceed six (6) months. You hereby authorize us to undertake such operation, and agree that our operation of and making corrections to, your Food Truck within our reasonable business judgment will not make us or our agents guilty of trespass or any other tort, and that our exercising these rights will not constitute a waiver of any other rights or remedies we may have under this Agreement. If we operate your Food Truck, we will have the right to collect and pay from the revenues of your Food Truck all expenses relating to the operation of your Food Truck including, without limitation, Royalty Fees, Advertising Fund Contributions, payments for inventory and supplies (including payments to our Affiliates), employee salaries, reimbursement of our expenses incurred in connection with such operation (including travel, lodging, and living expenses), and our then-current, reasonable management fee. You must indemnify and hold us harmless from any and all claims arising from the alleged acts and omissions of us and our representatives in exercising rights under this Section.

Section 18.7 of the Franchise Agreement is hereby amended and restated as follows:

18.7 Liquidated Damages. If an early termination of this Agreement occurs (which will mean any termination of the Agreement before the end of the Term, other than due to a mutual termination, your valid termination under Section 17.6, or your valid and approved Transfer of the Agreement), you will, within fifteen (15) days of such early termination, pay to us liquidated damages (“**Liquidated Damages**”). You agree that the Liquidated Damages are not a penalty, and that it would be impracticable or extremely difficult for us to calculate the actual amount you would have been obligated to pay us as Royalty Fees through the end of the Term. As a result, the parties agree that the following method of calculation represents a fair and reasonable estimate of our damages. Liquidated Damages will be equal to:

The greater of the combined monthly average of Royalty Fees (without regard to any fee waivers or other reductions) that are owed by you to us during the six (6) month period prior to the date of early termination; or (b) three thousand five hundred dollars (\$3,500),

multiplied by
[Questionnaire Continues on Next Page]

The lesser of: (i) twenty-four (24), or (ii) the number of full months remaining in the Term.

1. Yes No Have you received and personally reviewed the Franchise Agreement, and each attachment or exhibit attached to them that we provided?
2. Yes No Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?
3. Yes No Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?
4. Yes No Do you understand all the information contained in the Franchise Disclosure Document and Franchise Agreement?
5. Yes No Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?
6. Yes No Have you had the opportunity to discuss the benefits and risks of developing and operating a Cousins Maine Lobster® Restaurant with an existing Cousins Maine Lobster® franchisee?
7. Yes No Do you understand the risks of developing and operating a Cousins Maine Lobster® Restaurant?
8. Yes No

Do you understand the success or failure of your Cousins Maine Lobster® Restaurant will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?

~~in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?~~

[Questionnaire Continues on Next Page]

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING ~~THAT~~ THAT YOU ~~HAVE~~ HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

~~Signature of Franchise Applicant~~

Signature of Franchise Applicant

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Date

Name (please print)

Date

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

EXHIBIT H

CONFIDENTIALITY AND NON COMPETE AGREEMENT

THIS CONFIDENTIALITY AGREEMENT AND COVENANT NOT TO COMPETE (~~Agreement~~ “Agreement”) is made and entered into this _____ day of , 20 , between (“you”); and _____ (“Franchisee”).

RECITALS

A. Franchisee has entered into a franchise agreement with CML Storefront, LLC (“**Cousins Maine Lobster**”).

B. You are a Designated Manager, officer, director, or an entity affiliated with, or providing products or services to Franchisee.

C. As a result of Franchisee’s relationship with you, you will have access to certain confidential and proprietary information of Cousins Maine Lobster.

NOW, THEREFORE, in consideration of the foregoing and in order to induce Cousins Maine Lobster to enter into, or to continue, a relationship with you, the parties hereby agree as follows:

1. Cousins Maine Lobster Is Third Party Beneficiary. You and Franchisee acknowledge and agree that this Agreement is made for their mutual benefit and for the benefit and protection of CML, which is an intended third party beneficiary of this Agreement with rights to enforce the remedies provided herein.

2. Confidential Information. It is understood that as a result of your position or relationship with Franchisee, you will be afforded access to confidential and/or proprietary information of Cousins Maine Lobster. In consideration of Cousins Maine Lobster’s agreement to enter into and continue its business relationship with Franchisee and to continue to make available to you and Franchisee information, including confidential and/or proprietary information, relating to Cousins Maine Lobster and its business and operations, you agree not to disclose, furnish, divulge, communicate, or otherwise directly or indirectly use any of the confidential and/or proprietary information of Cousins Maine Lobster (including without limitation sales and marketing methods and data, operating and other business data, computer programs, trade secrets, business plans, advertising and promotional methods, financial information and data, product information, information regarding current or prospective customers and clients, other franchisees, agencies, Suppliers, and other related information) (hereinafter, “**Confidential Information**”), other than strictly incidental to, and solely in furtherance and within the scope of, your relationship with Cousins Maine Lobster and your employment or business relationship with Franchisee, which obligation applies at all times during and following your employment or relationship with Franchisee, regardless of the manner in which such employment or relationship ends or the reason for it ending. “Confidential Information” shall not include information which: (a) at or prior to the time of receipt was in the public domain; (b) at or prior to the time of receipt by you or the signing of the Franchise Agreement, whichever occurred first, was known to you and in actual commercial use by you or generally within the industry, in the manner and combination disclosed; or (c) is subsequently received by you or Franchisee from an independent third party not in breach of any duty of nondisclosure, secrecy, nonuse or similar duty, but only to the extent and in the form, manner and combination so disclosed.

You agree not to make any copies of, reproductions of, or extracts of any Confidential Information of Cousins Maine Lobster except strictly incidental to, and solely in furtherance and within the scope of, your relationship with Cousins Maine Lobster and your employment or business relationship with Franchisee. Upon termination of the Franchise Agreement (or of Franchisee’s relationship with you, as the case may be), for any reason, you

**EXHIBIT 1-1
List of Current Franchisees**

Cousins Maine Lobster Storefront Franchisees as of December 31, ~~2022~~2023

NJ	Asbury Park	CML NJ, LLC	800 Ocean Ave N, Space #109- 110, Asbury Asbuiy Park, NJ 07712	732-455- 2939
OH	Columbus	Cbu: Ven: <u>GroupXLCGroup,LLC</u>	AZ th Fourth St., Columbus, OH 85281 3052 Atlanta, GA 30326-1199	614-896- 3111 4111

~~213~~ Neptune Beach - This location closed in 2022 and reopened under new ownership.

EXHIBIT 1-2
List of Franchisees - Sold But Not Yet Open As Of December 31, ~~2022~~2023

State	City	Name	Address	Telephone
Signed but not Opened				
CA	San Francisco	Worldwide Foods LLC	6841 Village Parkway Dublin, CA 94568	415-592-5933
NC	Charlotte	Chris and Caroline Papp Partnership <u>Partnershi</u> <u>pi</u>	426 Kirkbride Ct. Fort Mill, SC 29715	732-882-5240

EXHIBIT 1-3
List of Franchisees That Left the System

Below is a list of franchisees that left the system during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

State	Territory	Name	Address	Phone
<u>FL/AZ</u>	Neptune Beach ³ <u>Tempe</u>	JA Lilly <u>BWI DevCo Tempe, LLC</u>	630 – 14 Atlantic Blvd Neptune Beach FL 32266 <u>511 S. Farmer Ave. Tempe, AZ 85281</u>	904-246-0304 <u>602-834-7700</u>
<u>NY/GA</u>	New York City <u>Marietta</u>	Cousins Time Square <u>XLCHarrison Management Group, LLC</u>	1566 Broadway, New York, NY 10036 <u>68 North Marietta Parkway NW Marietta, GA 30060</u>	917-341-0306 <u>770-212-2117</u>
NY	New York City	COUSINS MANHATTAN, INC.	77 Lexington Ave., New York, NY 10010	917-341-0306

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

³ Neptune Beach – This location closed in 2022 and reopened under new ownership.

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

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
California	October 27, 2023
Hawaii	Pending
Illinois	August 29, 2023 <u>May 3, 2024</u>
Indiana	Pending
Maryland	October 24, 2023
Michigan	February 25, 2023 <u>April 24, 2024</u>
Minnesota	September 29, 2023
New York	December 5, 2023
North Dakota	
Rhode Island	August 25, 2023 <u>2024</u>
South Dakota	
Virginia	August 18, 2023 <u>amended September 26, 2023</u>
Washington	March 18, 2024
Wisconsin	August 10, 2023 <u>May 15, 2024</u>

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.

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 CML Storefront, 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. Under Iowa or New York law, if applicable, CML Storefront, LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires CML Storefront, LLC to give you 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 occurs first.

If CML Storefront, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Jim Tselikis, Sabin Lomac, Barbara Corcoran, Shaun Higgins, Angela Coppler, Erika Yaghoubzadeh, Jameson Lyons, ~~Annie Tselikis~~, Allison Pillar, Mike Carmody, Esther Judah, Jane Olivia Paik, ~~Jacob Conley~~, Lindsay Herberger, and Nicholas Loukes at CML Storefront, LLC, 125 John Roberts Road, Unit #2, South Portland, ME 04106, phone (855) 855-4265. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):

See Exhibit A for CML Storefront, ~~LLC's~~ LLC's registered agents authorized to receive service of process. I have received a disclosure document dated ~~June 27~~ May 2, 2023 ~~2023~~ 2024 that included the following Exhibits:

- A. State Administrators / Agents for Service of Process
- B. Franchise Agreement
- C. Financial Statements
- D. Operations Manual Table of Contents
- E. Form of General Release
- F. State-Specific Addendum
- G. Compliance Questionnaire
- H. Confidentiality and Non-Compete Agreement
- I. List of Franchisees
- J. State Effective Dates; Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign and date both copies of the receipt. Please retain one copy for your records, and return the other copy to CML Storefront, LLC, 125 John Roberts Road, Unit #2, South Portland, ME 04106.

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 CML Storefront, 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. Under Iowa or New York law, if applicable, CML Storefront, LLC must provide this disclosure document to you at your 1st personal meeting, or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires CML Storefront, LLC to give you 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 occurs first.

If CML Storefront, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Jim Tselikis, Sabin Lomac, Barbara Corcoran, Shaun Higgins, Angela Coppler, Erika Yaghoubzadeh, Jameson Lyons, ~~Annie Tselikis~~, Allison Pillar, Mike Carmody, Esther Judah, Jane Olivia Paik, Jacob Conley, Lindsay Herberger, and Nicholas Loukes at CML Storefront, LLC, 125 John Roberts Road, Unit #2, South Portland, ME 04106, phone (855) 855-4265. We have inserted the name and address of any other franchise seller below (we attach additional pages if necessary):

See Exhibit A for CML Storefront, ~~EEC's-LLC's~~ registered agents authorized to receive service of process. I have received a disclosure document dated ~~June 27~~ May 2, 2023 - 2024 that included the following Exhibits:

- A. State Administrators / Agents for Service of Process
- B. Franchise Agreement
- C. Financial Statements
- D. Operations Manual Table of Contents
- E. Form of General Release
- F. State-Specific Addendum
- G. Compliance Questionnaire
- H. Confidentiality and Non-Compete Agreement
- I. List of Franchisees
- J. State Effective Dates; Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Please sign and date both copies of the receipt. Please retain one copy for your records, and return the other copy to CML Storefront, LLC, 125 John Roberts Road, Unit #2, South Portland, ME 04106.