

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended September 28, 2024

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number **001-06836**

FLANIGAN'S ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

Florida

(State or Other Jurisdiction of
Incorporation or Organization)

59-0877638

(I.R.S. Employer
Identification Number)

5059 N.E. 18th Avenue, Fort Lauderdale, Florida
(Address of Principal Executive Offices)

33334
(Zip Code)

(954) 377-1961

(Registrant's Telephone Number, Including Area Code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.10 par value	BDL	NYSE AMERICAN

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its annual report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of March 28, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the voting stock held by non-affiliates of the registrant was \$21,519,000 (based on the closing price of the common stock as reported on the NYSE AMERICAN of \$25.57 per share).

As of December 26, 2024 there were 1,858,647 shares of the registrant's Common Stock, \$0.10 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Information required by Part III (Items 10, 11, 12, 13 and 14) hereof is incorporated by reference to portions of the Registrant's Proxy Statement for the 2025 Annual Meeting of Shareholders which will be filed with the Securities and Exchange Commission no later than 120 days after the end of the registrant's fiscal year covered by this report.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

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As used in this Annual Report on Form 10-K, the terms “we,” “us,” “our,” the “Company” and “Flanigan’s” mean Flanigan's Enterprises, Inc. and its subsidiaries (unless the context indicates a different meaning).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report, including, without limitation, statements under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (“Securities Act”) and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). These forward-looking statements can be identified by the use of forward-looking terminology, including the words “believes,” “estimates,” “anticipates,” “expects,” “intends,” “plans,” “may,” “will,” “potential,” “projects,” “predicts,” “continue,” or “should,” “could,” “may,” “might,” “will” and “would” or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. Such statements include, but are not limited to, the general expansion of our business and other statements which are not statements of current or historical facts.

The forward-looking statements contained in this annual report are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading “Risk Factors.” Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We caution readers not to place undue reliance on any forward-looking statements, which speak only as of the dates on which they are made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described under “Risk Factors” may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this annual report. In addition, even if our results of operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this annual report, those results or developments may not be indicative of results or developments in subsequent periods.

PART I

ITEM 1. BUSINESS

General

As of September 28, 2024, Flanigan’s Enterprises, Inc., a Florida corporation, together with its subsidiaries (“we”, “our”, “ours” and “us” as the context requires), (i) operates 32 units, consisting of restaurants, package liquor stores, combination restaurant/package liquor stores and a sports bar that we either own or have operational control over and partial ownership in; and (ii) franchises an additional five units, consisting of two restaurants (one of which we operate) and three combination restaurant/package liquor stores. The table below provides information concerning the type (i.e. restaurant, sports bar, package liquor store or combination restaurant/package liquor store) and ownership of the units (i.e. whether (i) we own 100% of the unit; (ii) the unit is owned by a limited partnership of which we are the sole general partner and/or have invested in; or (iii) the unit is franchised by us), as of September 28, 2024 and as compared to September 30, 2023. With the exception of “The Whale’s Rib,” a restaurant we operate but do not own, and “Brendan’s Sports Pub” a restaurant/bar we own, all of the restaurants operate under our service marks “Flanigan’s Seafood Bar and Grill” or “Flanigan’s” and all of the package liquor stores operate under our service marks “Big Daddy’s Liquors” or “Big Daddy’s Wine & Liquors”.

TYPES OF UNITS	September 28, 2024	September 30, 2023	
<u>Company Owned:</u>			
Combination package liquor store and restaurant	2	3	(1)
Restaurant only, including sports bar	9	8	(1)
Package liquor store only	9	8	(1)
<u>Company Managed Restaurants Only:</u>			
Limited partnerships	10	10	
Franchise	1	1	
Unrelated Third Party	1	1	
Total Company Owned/Operated Units	32	31	
Franchised Units	5	5	(2)

Notes:

(1) During the first quarter of our fiscal year 2019, our combination package liquor store and restaurant located at 2505 N. University Drive, Hollywood, Florida (Store #19), was damaged by a fire which caused it to be closed since the first quarter of our fiscal year 2019. During the first quarter of our fiscal year 2023, we opened our newly built stand-alone package liquor store on this site (2505 N. University Drive, Building A, Hollywood, Florida) (Store #19P), replacing our package liquor store destroyed by fire and previously operating here. Store #19P is now reflected in the above chart as a stand-alone liquor store, rather than as a combination unit. Store #19R, a stand-alone restaurant building on this site, (2505 N. University Drive, Building B, Hollywood, Florida) opened on March 26, 2024 (adjacent to the package liquor store), and replaced our restaurant destroyed by fire and previously operating here. Store #19R is now reflected in the above chart as a stand-alone restaurant, rather than as a combination unit.

(2) We operate a restaurant for one (1) franchisee. This unit is included in the table both as a franchised restaurant, as well as a restaurant operated by us.

History and Development of Our Business

We were incorporated in Florida in 1959 and commenced operating as a chain of small cocktail lounges and package liquor stores throughout South Florida. By 1970, we had established a chain of "Big Daddy's" lounges and package liquor stores between Vero Beach and Homestead, Florida. From 1970 to 1979, we expanded our package liquor store and lounge operations throughout Florida and opened clubs in five other "Sun Belt" states. In 1975, we discontinued most of our package store operations in Florida except in the South Florida areas of Miami-Dade, Broward, Palm Beach and Monroe Counties. In 1982, we expanded our club operations into the Philadelphia, Pennsylvania area as general partner of several limited partnerships we organized. In March 1985, we began franchising package liquor stores and lounges in the South Florida area. (See Note 12 to the consolidated financial statements and the discussion of franchised units on pages 3 and 4).

During our fiscal year 1987, we began renovating our lounges to provide full restaurant food service, and subsequently renovated and added food service to most of our lounges. Food sales currently represent approximately 79.28% and bar sales approximately 20.72% of our total restaurant sales.

Our package liquor stores emphasize high volume business by providing customers with a wide variety of brand name and private label merchandise at discount prices. Our restaurants and our sports bar establishment offer alcoholic beverages and food service with abundant portions and reasonable prices, served in a relaxed, friendly and casual atmosphere.

We conduct our operations directly and through a number of limited partnerships and wholly owned subsidiaries, all of which are listed below. Our subsidiaries and the limited partnerships, (except for the limited partnership, where we are not the general partner, which owns and operates our franchised restaurant in Fort Lauderdale, Florida) are reported on a consolidated basis.

<u>Entity</u>	<u>State Of Organization</u>	<u>Percentage Owned</u>
Flanigan's Management Services, Inc.	Florida	100
CIC Investors #13, Limited Partnership	Florida	45
CIC Investors #25, Limited Partnership	Florida	—
CIC Investors #50, Limited Partnership	Florida	24
CIC Investors #55, Limited Partnership	Florida	49
CIC Investors #60, Limited Partnership	Florida	46
CIC Investors #65, Limited Partnership	Florida	28
CIC Investors #70, Limited Partnership	Florida	41
CIC Investors #80, Limited Partnership	Florida	27
CIC Investors #85, Limited Partnership	Florida	7
CIC Investors #90, Limited Partnership	Florida	5
Josar Investments, LLC	Florida	100
Flanigan's Calusa Center, LLC	Florida	100
Flanigan's Fish Company, LLC	Florida	51

Package Liquor Store Operations

Our package liquor stores emphasize high volume business by providing customers with a wide selection of brand name and private label liquors, beers and wines while offering competitive pricing by meeting the published sales prices of our competitors. We provide sales training to our package liquor store personnel. The stores are open for business seven days a week from 9:00-10:00 a.m. to 10:00-11:00 p.m., depending upon demand and local law. Most of our units have "night windows" with extended evening hours.

Company-Owned Package Liquor Stores. As of our fiscal year ended September 28, 2024, we own and operate eleven package liquor stores in the South Florida area under the name "Big Daddy's Liquors" or "Big Daddy's Wine & Liquors", two of which are jointly operated with restaurants we own.

Franchised Package Liquor Stores. We currently franchise three package liquor stores, all in the South Florida area, all of which are operated under the name "Big Daddy's Liquors". Of the three franchised package liquor stores, two are jointly operated with our franchisee's restaurant operations and one is operated in a freestanding building adjacent to the franchisee's restaurant operation. Two of the three franchised package liquor stores are franchised to members of the family of our Chairman of the Board, officers and/or directors. We have not entered into a franchise arrangement for either a package liquor store, restaurant or combination package liquor store/restaurant since 1986 and do not anticipate that we will do so in the foreseeable future.

Generally, a franchise agreement with our franchisees for the operation of a package liquor store runs for the balance of the term of the franchisee's lease for the business premises, extended by the franchisee's continued occupancy of the business premises thereafter, whether by lease or ownership. In exchange for our providing management and related services to the franchisee and our granting the right to the franchisee to use our service mark, "Big Daddy's Liquors", franchisees of package liquor stores pay us weekly in arrears, (i) a royalty equal to approximately 1% of gross sales; plus (ii) an amount for advertising equal to between 1.5% to 3% of gross sales generated at the stores depending upon our actual advertising costs.

For accounting purposes, we do not consolidate the revenue and expenses of our franchisees' operations with our revenue and expenses. Franchise royalties we receive are recognized as revenue when sales are made by franchisees.

Restaurant Operations

Our restaurants provide a neighborhood casual, standardized dining experience, typical of casual restaurant chains. The interior decor of the restaurants is nautical with numerous fishing and boating pictures and decorations. The restaurants are designed to permit minor modifications without significant capital expenditures. However, from time to time we are required to redesign and refurbish the restaurants at significant cost. Drink prices may vary between locations to meet local conditions. Food prices are substantially standardized for all restaurants. The restaurants' hours of operation are from 11:00 a.m. to 1:00-5:00 a.m. depending upon demand and local law.

Company-Owned Restaurants. As of our fiscal year ended September 28, 2024, we own and operate eleven restaurants all under our service mark "Flanigan's Seafood Bar and Grill" two of which are jointly operated with package liquor stores we own.

Franchised Restaurants. We franchise five restaurants, all of which operate under our service mark "Flanigan's Seafood Bar and Grill", two of which operate as a restaurant only, two of which operate jointly with a franchisee operated "Big Daddy's Liquors" package liquor store and one of which operates adjacent to a "Big Daddy's Liquors" package liquor store. Four of the five franchised restaurants are franchised to members of the family of our Chairman of the Board, officers and/or directors. We have not entered into a franchise arrangement for either a package liquor store, restaurant or combination package liquor store/restaurant since 1986 and do not anticipate that we will do so in the foreseeable future.

Generally, a franchise agreement with our franchisees for the operation of a restaurant runs for the balance of the term of the franchisee's lease for the business premises, extended by the franchisee's continued occupancy of the business premises thereafter, whether by lease or ownership. In exchange for our providing management and related services to the franchisee and our granting the right to the franchisee to use our service mark, "Flanigan's Seafood Bar and Grill", our franchisees pay us weekly in arrears, (i) a royalty equal to approximately 3% of gross sales; plus (ii) an amount for advertising equal to between 1.5% to 3% of gross sales from the restaurants depending upon our actual advertising costs.

For accounting purposes, we do not consolidate the revenue and expenses of our franchisees' operations with our revenue and expenses. Franchise royalties we receive are recognized as revenue when sales are made by franchisees.

Restaurants Owned by Affiliated Limited Partnerships

We have invested along with others, (some of whom are or are affiliated with our officers and directors), in eleven limited partnerships which currently own and operate eleven South Florida based restaurants under our service mark “Flanigan’s Seafood Bar and Grill”. In addition to being a limited partner in these limited partnerships, we are the sole general partner of ten of these limited partnerships and manage and control the operations of these restaurants except for the restaurant located in Fort Lauderdale, Florida where we only hold a limited partnership interest.

Generally, the terms of the limited partnership agreements provide that until the investors’ cash investment in a limited partnership (including any cash invested by us) is returned in full, (available cash is distributed to the investors pro-rata based on ownership interest), the limited partnership distributes to the investors annually out of available cash from the operation of the restaurant, as a return of capital, up to 25% of the cash invested in the limited partnership, with no management fee paid to us. Any available cash in excess of the 25% of the cash invested in the limited partnership distributed to the investors annually, is paid one-half (½) to us as a management fee and one-half (½) to the investors, (including us), pro-rata based on the investors’ investment, as a return of capital. Once all of the investors, (including us), have received, in full, amounts equal to their cash invested, an annual management fee becomes payable to us equal to one-half (½) of cash available to be distributed, with the other one-half (½) of available cash distributed to the investors (including us), as a profit distribution, pro-rata based on the investors’ investment. As of September 28, 2024, all limited partnerships, with the exception of the limited partnership which owns the restaurant in Sunrise, Florida (Store #85), which opened for business in March 2022 and the limited partnership which owns the restaurant in Miramar, Florida (Store #25), which opened for business in April 2023, have returned all cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by the limited partnership.

In addition to receipt of distributable amounts from the limited partnerships, we receive a fee equal to 3% of gross sales for use of our service marks “Flanigan’s Seafood Bar and Grill” or “Flanigan’s”, which use is authorized while we act as general partner only. This 3% fee is “earned” when sales are made by the limited partnerships and is paid weekly, in arrears. Whether we will have any additional restaurants in the future will be dependent, among other things, on market conditions and our ability to raise capital. We anticipate that we will continue to form limited partnerships to raise funds to own and operate restaurants under our service marks “Flanigan’s Seafood Bar and Grill” or “Flanigan’s” using the same or substantially similar financial arrangements.

Below is information on the eleven limited partnerships which own and operate “Flanigan’s Seafood Bar and Grill” or “Flanigan’s” restaurants:

Surfside, Florida

We are the sole general partner and a 46% limited partner in this limited partnership which has owned and operated a restaurant in Surfside, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since March 6, 1998. 33.3% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

Kendall, Florida

We are the sole general partner and a 41% limited partner in this limited partnership which has owned and operated a restaurant in Kendall, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since April 4, 2000. 28.3% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

West Miami, Florida

We are the sole general partner and a 27% limited partner in this limited partnership which has owned and operated a restaurant in West Miami, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since October 11, 2001. 32.7% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

Wellington, Florida

We are the sole general partner and a 28% limited partner in this limited partnership which has owned and operated a restaurant in Wellington, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since May 27, 2005. 21.9% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

Pinecrest, Florida

We are the sole general partner and 45% limited partner in this limited partnership which has owned and operated a restaurant in Pinecrest, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since August 14, 2006. 19.4% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

Pembroke Pines, Florida

We are the sole general partner and a 24% limited partner in this limited partnership which has owned and operated a restaurant in Pembroke Pines, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since October 29, 2007. 23.0% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

Davie, Florida

We are the sole general partner and a 49% limited partner in this limited partnership which has owned and operated a restaurant in Davie, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since July 28, 2008. 12.0% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

Miami, Florida

We are the sole general partner and a 5% limited partner in this limited partnership which has owned and operated a restaurant in Miami, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since December 27, 2012. 26.3% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership.

Sunrise, Florida

We are the sole general partner and a 7% limited partner in this limited partnership which has owned and operated a restaurant in Sunrise, Florida under our “Flanigan’s” service mark since March 22, 2022. 32.1% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. As of the end of our fiscal year 2024, this limited partnership has returned to its investors approximately 19.0% of their initial cash invested.

Miramar, Florida

We are the sole general partner in this limited partnership which has owned and operated a restaurant in Miramar, Florida under our “Flanigan’s” service mark since April 18, 2023. No units of limited partnership interest were purchased by the Company. 25.5% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. As of the end of our fiscal year 2024, this limited partnership has returned to its investors approximately 25.0% of their initial cash invested.

Fort Lauderdale, Florida

A corporation owned by one of our board members acts as sole general partner of a limited partnership which has owned and operated a restaurant in Fort Lauderdale, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since April 1, 1997. We have a 25% limited partnership interest in this limited partnership. 56.9% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all cash invested, but since we are not the general partner of this limited partnership, we do not receive an annual management fee. We have a franchise arrangement with this limited partnership and for accounting purposes, we do not consolidate the operations of this limited partnership into our operations.

Management Agreement for “The Whale’s Rib” Restaurant

Since January 2006, we have managed “The Whale’s Rib”, a casual dining restaurant located in Deerfield Beach, Florida, pursuant to a management agreement. We paid \$500,000 in exchange for our rights to manage this restaurant. The restaurant is owned by a third party unaffiliated with us. In exchange for providing management, bookkeeping and related services, we receive one-half (½) of the net profit, if any, from the operation of the restaurant. For our fiscal years ended September 28, 2024 and September 30, 2023, we generated \$200,000 and \$400,000 respectively of revenue each fiscal year from providing these management services.

Operations and Management

We emphasize systematic operations and control of all package liquor stores and restaurants regardless of whether we own, franchise or manage the unit. Each unit has its own manager who is responsible for monitoring inventory levels, supervising sales personnel, food preparation and service in restaurants and generally assuring that the unit is managed in accordance with our guidelines and procedures. We have in effect an incentive cash bonus program for our managers and salespersons based upon various performance criteria. Our operations are supervised by supervisors, who visit all Company, limited partnership and franchise owned units and the managed unit to provide on-site management and support. There are three supervisors responsible for package liquor store operations and six supervisors responsible for restaurant operations.

All of our managers and salespersons receive extensive training in sales techniques. We arrange for independent third parties, or "shoppers", to inspect each unit in order to evaluate the unit's operations, including the handling of cash transactions.

Purchasing and Inventory

The package liquor business requires a constant substantial capital investment in inventory at the stores. Our inventory consists primarily of liquor and wine products and as such, does not become excessive or obsolete that would require identifying and recording of the same. Liquor inventory purchased can normally be returned only if defective or broken.

All of our purchases of liquor inventory are made through our purchasing department from our corporate headquarters. The major portion of inventory is purchased under individual purchase orders with licensed wholesalers and distributors who deliver the merchandise within one or two days of the placing of an order. Frequently there is only one wholesaler in the immediate marketing area with an exclusive distributorship of certain liquor product lines. Substantially all of our liquor inventory is shipped by the wholesalers or distributors directly to our stores. We significantly increase our inventory prior to Christmas, New Year's Eve and other holidays. Under Florida law, we are required to pay for our liquor purchases within ten days of delivery.

Negotiations with food suppliers are conducted by our purchasing department at our corporate headquarters. We believe this ensures that the best quality and prices will be available to each restaurant. Orders for food products are regularly prepared by each restaurant's kitchen manager and reviewed by the restaurant's general manager before orders are placed. Food is delivered by the supplier directly to each restaurant. Orders are placed several times a week to ensure product freshness. Food inventory is primarily paid for monthly. We purchase food and other commodities for use in our operations based on market prices established with our suppliers. Many of the food products purchased by us can be subject to price volatility due to market supply and demand factors outside of our control. We mitigate the risk of supply shortages and obtain competitive prices by utilizing multiple qualified suppliers for substantially all our food products.

We negotiate short-term and long-term agreements for certain of our principal food product requirements, depending on market conditions and expected demand. We evaluate the possibility of entering into arrangements to assist us in managing risk and variability associated with the supply and demand of food products.

In order to fix the cost and ensure adequate supply of baby back ribs for our restaurants for calendar year 2025, we entered into a purchase agreement with a new rib supplier, whereby we agreed to purchase approximately \$7.8 million of “2.5 & Down Baby Back Ribs” (weight range in which baby back ribs are sold) during calendar year 2025, at a prescribed cost, which we believe is competitive. For calendar year 2024, we entered into a purchase agreement with our current rib supplier, whereby we agreed to purchase approximately \$7.0 million of “2.25 & Down Baby Back Ribs” during calendar year 2024, at a prescribed cost, which we also believe is competitive. The increase in our cost of baby back ribs for calendar year 2025 compared to calendar year 2024 is due to our purchase of larger sized baby back ribs and the purchase of baby back ribs for Store #19R, Hollywood, Florida for the entire calendar year, offset by a decrease in market price.

While we anticipate purchasing all of our rib supply from this new vendor, we believe there are several other alternative vendors available, if needed.

Information Technology

Our restaurant and package liquor store point-of-sale and back-office systems provide information regarding daily sales, cash receipts, inventory, food and beverage costs, labor costs and other controllable operating expenses. Our restaurants and package liquor stores offer online ordering for to-go sales and our package liquor stores also offer delivery services by third-party vendors.

Restaurant and package liquor store hardware and software support is provided by both our internal support services team as well as third-party vendors. Each restaurant and package liquor store has a private high-speed wide area connection to send and receive critical business data as well as to access web-based applications securely as well as a failover capability. All of our core and critical applications are backed up to external data centers. To mitigate business interruptions, we utilize a data backup and replication infrastructure between our onsite and external data centers, so all data is replicated nightly between the sites.

We require cybersecurity awareness training for all staff members with access to our cyber systems. We also maintain cyber risk insurance coverage to further reduce our risk profile. Security of our financial data and other sensitive information remains a high priority for us, led by our information technology department. In an effort to further secure our customers' credit card information, we employ an encryption and tokenization platform for all credit card transactions in our restaurants, ensuring no credit card data is stored in our internal systems. We also transact business through online ordering for both our restaurants and package liquor stores through third party vendors. (See Item 1A. Risk Factors and the discussion of cybersecurity risks and Item 1C information on cybersecurity risk management.)

Government Regulation

Our operations are subject to various federal, state and local laws affecting our business. In particular, our operations are subject to regulation by federal agencies and to licensing and regulation by state and local health, food preparation and safety, sanitation, alcoholic beverage control, safety and fire department agencies in the state or municipality where our units are located.

Alcoholic beverage control regulations require each of our restaurants and package liquor stores to obtain a license to sell alcoholic beverages from a state authority and in certain locations, county and municipal authorities.

In Florida, where all of our restaurants and package liquor stores are located, most of our liquor licenses are issued on a "quota license" basis. Quota licenses are issued on the basis of a population count established from time to time under the latest applicable census. Because the total number of liquor licenses available under a quota license system is limited and restrictions are placed upon their transfer, the licenses have purchase and resale value based upon supply and demand in the particular areas in which they are issued. The quota licenses held by us allow the sale of liquor for on and off premises consumption (the "4 COP Quota Liquor License"). The other liquor licenses held by us or limited partnerships of which we are the general partner, are restaurant liquor licenses, which do not have quota restrictions or purchase or resale value. A restaurant liquor license is issued to every applicant who meets all of the state and local licensing requirements, including, but not limited to zoning and minimum restaurant size, seating and menu. The restaurant liquor licenses held by us allow the sale of liquor for on premises consumption only.

All licenses must be renewed annually and may be revoked or suspended for cause at any time. Suspension or revocation may result from violation by the licensee or its employees of any federal, state or local law regulation pertaining to alcoholic beverage control. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of our units, including, minimum age of patrons and employees, hours of operations, advertising, wholesale purchasing, inventory control, handling, storage and dispensing of alcoholic beverages, internal control and accounting.

As the sale of alcoholic beverages constitutes a large share of our revenue, the failure to receive or retain, or a delay in obtaining a liquor license in a particular location could adversely affect our operations in that location and could impair our ability to obtain licenses elsewhere.

During our fiscal years 2024 and 2023, no significant pending matters have been initiated concerning any of our licenses which might be expected to result in a revocation of a liquor license or other significant actions against us.

We are subject to "dram-shop" statutes due to our restaurant operations. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated individual. We carry liquor liability coverage as part of our existing comprehensive general liability insurance, which we believe is consistent with coverage carried by other entities in the restaurant industry. Although we are covered by insurance, a judgment against us under a dram-shop statute in excess of our liability coverage could have a material adverse effect on us. We currently have no "dram shop" claims.

Our operations are also subject to federal and state laws governing such matters as wages, working conditions, citizenship requirements and overtime. Significant numbers of hourly personnel at our restaurants are paid at rates related to the federal or Florida minimum wage, whichever is higher, and accordingly, increases in the minimum wage will increase labor costs. We are also subject to the Americans with Disability Act of 1990 (ADA), which, among other things, may require certain renovations to our restaurants to meet federally mandated requirements. The cost of any such renovations is not expected to materially affect us.

A significant number of our hourly restaurant staff members receive income from gratuities. Many of our locations participate voluntarily in a Tip Reporting Alternative Commitment (“TRAC”) agreement with the Internal Revenue Service (“IRS”). By complying with the educational and other requirements of the TRAC agreement, we reduce the likelihood of potential employer-only Federal Insurance Contributions Act (FICA tax assessments for unreported or underreported tips. We are not under investigation or audit, nor have we been assessed for potential employer-only FICA tax assessments for unreported or underreported tips.

We are also subject to laws relating to information security, privacy, cashless payments and consumer credit protection and fraud.

We are not aware of any statute, ordinance, rule or regulation under present consideration which would significantly limit or restrict our business as now conducted. However, in view of the number of local jurisdictions within the State of Florida in which we conduct business, and the highly regulated nature of the liquor business, there can be no assurance that additional limitations may not be imposed in the future, even though none are presently anticipated.

Human Capital

We depend on our staff members to successfully execute all aspects of our day-to-day operations. Our ability to attract highly motivated staff members and retain an engaged, experienced team is key to successful execution of our strategy. We are currently operating in a competitive labor environment. If we are unable to hire or retain qualified restaurant management and operating personnel in an increasingly competitive market, we may be unable to effectively operate and grow our business and revenues, which could materially adversely affect our financial performance.

Development and Training

We invest resources to ensure our staff receive training in order to maximize their potential. In addition, we strive to provide our staff with career advancement opportunities. Our training programs allow us to fill certain of our management positions with internal candidates.

Benefits and Wellness

We believe access to healthcare is a compelling benefit for many staff members and we offer healthcare benefits to our hourly staff members who work a minimum of 30 hours per week, on average. We attempt to provide a robust suite of benefits and wellness offerings.

Employee Engagement

Listening to our staff members is an essential part of building an engaged workforce, and we provide avenues for staff to share their ideas and concerns.

As of our fiscal year end 2024, we employed 1,990 persons, of which 669 were full-time and 1,321 were part-time. Of these, 57 were employed at our corporate offices in administrative capacities and 12 were employed in maintenance. Of the remaining employees, 74 were employed in our package liquor stores and 1,847 in our restaurants. None of our employees are represented by collective bargaining organizations. We consider our labor relations to be favorable.

Giving Back

Another key aspect of our culture is giving back to the communities where our staff live and work, and uniting our staff members around charitable causes personal to them. We periodically donate to philanthropic organizations through campaigns designed to engage our staff company-wide service programs, as follows:

- Breast Cancer Awareness – We donate \$10,000 annually to local Breast Cancer Support organizations.
- Donated over \$100,000 in total to HOPE mission. Money is used for disaster and hunger relief all over the world, youth outreach, and community building.
- Achievement Awards – We provide schools in Miami-Dade, Broward, and Palm Beach County with free meal coins and achievement awards throughout the year. We give out approximately 85,000 awards every year.
- Fishing Tournaments/Marine Conservation – We donate to fishing tournaments and beach cleanup projects.
- Supporting the local community – We donate funds to boy scouts, baseball teams, schools, etc.
- Sheridan House – We donated 500 backpacks to underprivileged children. We also collect and donate school supplies annually.
- Reclaimed Wood – All of our locations use reclaimed wood on interior walls.

We also believe our sustainability programs and initiatives like restaurant-based recycling and replacing our off-premise packaging with materials that reduce the use of plastics and improve recyclability serve to foster pride in our staff.

Executive Officers

<u>Name</u>	<u>Positions and Offices Currently Held</u>	<u>Age</u>	<u>Office or Position Held Since</u>
James G. Flanigan	Chairman of the Board of Directors, Chief Executive Officer and President	60	(1)
August Bucci	Chief Operating Officer and Executive Vice President	80	2002
Jeffrey D. Kastner	Chief Financial Officer, General Counsel and Secretary	71	(2)
Christopher O'Neil	Vice President of Package Operations	59	2016

(1) Chairman of the Board of Directors, Chief Executive Officer since 2005; President since 2002.

(2) Chief Financial Officer since 2004; Secretary since 1995; and General Counsel since 1982.

Flanigan's 401(k) Plan

Effective July 1, 2004, we began sponsoring a 401(k) retirement plan covering substantially all employees who meet certain eligibility requirements. Employees may contribute elective deferrals to the plan up to amounts allowed under the Internal Revenue Code. We are not required to contribute to the plan but may make discretionary profit sharing and/or matching contributions. During our fiscal years ended September 28, 2024 and September 30, 2023, the Board of Directors approved discretionary matching contributions totaling \$74,000 and \$70,000, respectively.

General Liability Insurance

For the policy year beginning December 30, 2023, we have general liability insurance which incorporates a \$50,000 self-insured retention per occurrence for us and a \$10,000 self-insured retention per occurrence for the limited partnerships. Our insurance carrier is responsible for \$1,000,000 coverage per occurrence above our self-insured retentions, up to a maximum aggregate of \$2,000,000 per year. We were also able to purchase excess liability insurance whereby our excess insurance carrier is responsible for \$10,000,000 coverage above our primary general liability insurance coverage. We are uninsured against liability claims in excess of \$11,000,000 per occurrence and in the aggregate. We secured general liability insurance and excess liability insurance to be effective as of December 30, 2024. (See Item 2. Subsequent Events for a discussion of general liability and excess liability insurance for the period commencing December 30, 2024.)

Our general policy is to settle only those legitimate and reasonable claims asserted and to aggressively defend and go to trial, if necessary, on frivolous and unreasonable claims. Under our current liability insurance policy, certain expenses incurred by us in defending a claim, including attorney's fees, are a part of our \$50,000 self-insured retention, and a part of our limited partnerships' \$10,000 self-insured retention.

In accordance with accounting guidance, we accrue for any liability by recognizing costs when it is probable that a covered liability has been incurred and the cost can be reasonably estimated. Accordingly, our annual insurance costs may be subject to adjustment from previous estimates as facts and circumstances change. Our accruals are included in the accompanying consolidated balance sheets in the caption "Accounts payable and accrued expenses". A significant unfavorable judgment or settlement against us in excess of our liability insurance coverage could have a materially adverse effect on the Company.

Property Insurance; Windstorm Insurance

For the policy year beginning December 30, 2023, our property insurance is a one (1) year policy with an unaffiliated third party insurance carrier, including coverage for properties leased by us and our consolidated limited partnerships, and provides for full insurance coverage for property losses, including those caused by windstorms, such as a hurricane. For property losses caused by windstorm, the property insurance has a fixed deductible of \$100,000, plus 5% of all insured losses, per occurrence. For all other property losses, the property insurance has deductibles of \$10,000 per location, per occurrence. We secured property insurance, including windstorm coverage, to be effective as of December 30, 2024. (See Item 2. Subsequent Events for a discussion of property insurance for the period commencing December 30, 2024.)

Insurance Premiums

Due to continuing higher interest rates, for the policy year commencing December 30, 2023 we paid the premiums for property, general liability, excess liability and terrorism policies in full with premiums totaling approximately \$3.92 million which includes coverage for our franchises (of approximately \$850,000), which are not included in our consolidated financial statements. For the policy year commencing December 30, 2024, we will pay the premiums for property, general liability, excess liability and terrorism policies in full again due to continuing higher interest rates. (See Item 2. Subsequent Events for a discussion of property, general liability, excess liability, and terrorism insurance policies for the period commencing December 30, 2024.)

Competition and the Company's Market

The liquor and hospitality industries are highly competitive and are often affected by changes in taste and entertainment trends among the public, by local, national and economic conditions affecting spending habits, and by population and traffic patterns. We believe that the principal means of competition among package liquor stores is price and that, in general, the principal means of competition among restaurants include the location, type and quality of facilities and the type, quality and price of beverage and food served.

Our package liquor stores compete directly or indirectly with local retailers and discount "superstores". Due to the competitive nature of the liquor industry in South Florida, we have had to adjust our pricing to stay competitive, including meeting all competitors' advertisements subject to certain limitations. Such practices will continue in the package liquor business. We believe that we have a competitive position in our market because of widespread consumer recognition of the "Big Daddy's Liquors" and "Big Daddy's Wine & Liquors" names.

Our restaurants compete directly or indirectly with many well-established competitors, both nationally and locally owned. Effective August 25, 2024 we increased menu prices for our bar offerings to target an increase to our bar revenues of approximately 5.63% annually to offset higher food and liquor costs and higher overall expenses. Effective March 26, 2023, we increased menu prices for our food offerings to target an increase to our food revenues of approximately 2.06% annually and on March 20, 2023 we increased menu prices for our bar offerings to target an increase to our bar revenues of approximately 5.65% annually to offset higher food and liquor costs and higher overall expenses. We believe that we have a competitive position in our market because of widespread consumer recognition of the "Flanigan's Seafood Bar and Grill" and "Flanigan's" names.

We have many well-established competitors, both nationally and locally owned, with substantially greater financial resources than we do. Their resources and market presence may provide advantages in marketing, purchasing and negotiating leases. We compete with other restaurant and retail establishments for sites and finding management personnel.

Our business is subject to seasonal effects, including that liquor purchases tend to increase during the holiday seasons.

Trade Names

We operate our package liquor stores and restaurants under the service marks: "Big Daddy's Liquors", "Big Daddy's Wine & Liquors", "Flanigan's Seafood Bar and Grill", and "Flanigan's". We operate our sports bar under the service mark: "Brendan's Sports Pub". Our right to the use of the "Big Daddy's" service mark is set forth under a consent decree of a federal court entered into by us in settlement of federal trademark litigation. The consent decree and the settlement agreement allow us to continue to use and to expand our use of the "Big Daddy's" service mark in connection with our package liquor sales in Florida, while restricting future liquor sales in Florida under the "Big Daddy's" name by the other party who has a federally registered service mark for "Big Daddy's" use in the restaurant business. The federal court retained jurisdiction to enforce the consent decree. We have acquired registered Federal trademarks on the principal register for our "Big Daddy's Liquors", "Flanigan's" and "Flanigan's Seafood Bar and Grill" service marks.

The standard symbolic trademark associated with our facilities and operations is the bearded face and head of "Big Daddy" which is predominantly displayed at all "Flanigan's" facilities and all "Big Daddy's" facilities throughout the country. The face comprising this trademark is that of the Company's founder, Joseph "Big Daddy" Flanigan, and is a federally registered trademark owned by us.

ITEM 1A. RISK FACTORS

An investment in our common stock involves a high degree of risk. These risks should be considered carefully with the uncertainties described below, and all other information included in this Annual Report on Form 10-K, before deciding whether to purchase our common stock. Additional risks and uncertainties not currently known to management or that management currently deems immaterial and therefore not referenced herein, may also become material and may harm our business, financial condition or results of operations. The occurrence of any of the following risks could harm our business, financial condition and results of operations. The trading price of our common stock could decline due to any of these risks and uncertainties and you may lose part or all of your investment.

Certain statements in this report contain forward-looking information. In general, forward-looking statements include estimates of future revenues, cash flow, capital expenditures, or other financial items and assumptions underlying any of the foregoing. Forward-looking statements reflect management's current expectations regarding future events and use words such as "anticipate", "believe", "expect", "may", "will" and other similar terminology. These statements speak only as of the date they were made and involve a number of risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Several factors, many beyond our control, could cause actual results to differ materially from management's expectations. New risks and uncertainties arise from time to time, and we cannot predict when they may arise or how they may affect us. We assume no obligation to update any forward-looking statements after the date of this report as a result of new information, future events or other developments, except as required by applicable laws and regulations.

Risks Related to Our Business

If we are unable to staff and retain qualified restaurant and package liquor store management and operating personnel in an increasingly competitive market, we may be unable to effectively operate and grow our business and revenues, which could materially adversely affect our financial performance.

Similar to the broader economy, we are experiencing labor shortfalls relative to our sales levels in certain parts of our workforce. If we are unable to attract and retain qualified people, our restaurants could be short staffed, we may be forced to incur overtime expenses, and our ability to operate and expand our concepts effectively and to meet our customers' demand could be limited, any of which could materially adversely affect our financial performance.

We have experienced and continue to experience significant labor cost inflation. If we are unable to offset higher labor costs, our cost of doing business will significantly increase, which could materially adversely impact our financial performance.

Increases in minimum wages and minimum tip credit wages, extensions of personal and other leave policies, other governmental regulations affecting labor costs and a diminishing pool of potential staff members when the unemployment rate falls and legal immigration is restricted, especially in certain localities, could significantly increase our labor costs and make it more difficult to fully staff our restaurants, any of which could materially adversely affect our financial performance.

We believe the United States federal government may significantly increase the federal minimum wage and tip credit wage (or eliminate the tip credit wage) and require significantly more mandated benefits than what is currently required under federal law. The State of Florida has already enacted a minimum wage and tip credit, with the minimum wage currently at \$13.00 per hour and a tip credit of \$3.02 per hour. The minimum wage increases \$1.00 per hour annually until it reaches \$15.00 per hour in 2026. The tip credit does not increase. In addition to increasing the overall wages paid to our minimum wage and tip credit wage earners, these increases create pressure to increase wages and other benefits paid to other staff members who, in recognition of their tenure, performance, job responsibilities and other similar considerations, historically received a rate of pay exceeding the applicable minimum wage or minimum tip credit wage. Because we employ a large workforce, any wage increase and/or expansion of benefits mandates will have a particularly significant impact on our labor costs. Our vendors, contractors and business partners are similarly impacted by wage and benefit cost inflation, and many have or will increase their price for goods, construction and services in order to offset their increasing labor costs. Additionally, while our employees are not currently covered by any collective bargaining agreements, union organizers may engage in efforts to organize our employees and those of other restaurant companies. If a significant portion of our employees were to unionize, our labor costs could increase and it could negatively impact our culture, reduce our flexibility and disrupt our business. In addition, our responses to any union organizing efforts could negatively impact our reputation and dissuade guests from patronizing our restaurants.

Our labor expenses include significant costs related to our health benefit plans. Health care costs continue to rise and are especially difficult to project. Material increases in costs associated with medical claims, or an increase in the severity or frequency of such claims, may cause health care costs to vary substantially from year-over-year. Given the unpredictable nature of actual health care claims trends, including the severity or frequency of claims, in any given year our health care costs could significantly exceed our estimates, which could materially adversely affect our financial performance.

Any significant changes to the healthcare insurance system could impact our healthcare costs. Material increases in healthcare costs could materially adversely affect our financial performance.

While we try to offset labor cost increases through price increases, more efficient purchasing practices, productivity improvements and greater economies of scale, there can be no assurance that these efforts will be successful. If we are unable to effectively anticipate and respond to increased labor costs, our financial performance could be materially adversely affected.

Our sales and profit growth could be adversely affected if comparable restaurant sales increases are less than we expect, and we may not successfully increase comparable restaurant sales or they may decrease.

While future sales growth will depend substantially on our opening new restaurants, changes in comparable restaurant sales (which represent the change in period-over-period sales for restaurants) will also affect our sales growth and will continue to be a critical factor affecting profit growth. This is because the profit margin on comparable restaurant sales is generally higher, as comparable restaurant sales increases enable fixed costs to be spread over a higher sales base. Conversely, declines in comparable restaurant sales can have a significant adverse effect on profitability due to the loss of the positive impact on profit margins associated with comparable restaurant sales increases. There is no assurance that comparable restaurant sales will increase in fiscal year 2024 due to, among other things, ongoing consumer and economic uncertainty.

Our ability to increase comparable restaurant sales depends on many factors, including:

- perceptions of the Flanigan's brand;
- competition, especially from an increasing number of competitors in the fast casual segment of the restaurant industry and from other restaurants whose strategies overlap ours, as well as from grocery stores, meal kit delivery services and other dining options;
- executing our strategies effectively, including our marketing and branding strategies;
- changes in consumer preferences and discretionary spending;
- our ability to increase menu prices without adversely affecting our existing business;
- weather, natural disasters and other factors limiting access to our restaurants; and
- changes in government regulation that may impact customer perceptions of our food.

As a result, it is possible that we will not achieve our targeted comparable restaurant sales or that the change in comparable restaurant sales could be negative. A number of these factors are beyond our control and therefore we cannot assure that we will be able to sustain comparable restaurant sales increases.

High unemployment, instability in the housing market, high energy and food costs and general economic uncertainty could result in a decline in consumer discretionary spending that would materially affect our financial performance.

Dining out is a discretionary expense. Factors that affect consumer behavior and spending for restaurant dining, such as changes in general economic conditions (including national, regional and local economic conditions), discretionary spending patterns, employment levels, instability in the housing market, and high energy and food costs may have a material adverse effect on us. If economic conditions worsen, our financial performance could be adversely affected.

Intense competition in the restaurant and package liquor store industry could prevent us from increasing or sustaining our revenues and profitability.

The restaurant and package liquor store industry is intensely competitive with respect to food quality, price-value relationships, ambiance, service and location and many restaurants and package liquor stores compete with us at each of our locations. There are a number of well-established competitors with substantially greater financial, marketing, personnel and other resources than ours, and many of our competitors are well established in the markets where we have restaurants and/or stores or where we intend to locate restaurants. Additionally, other companies may develop restaurants and/or stores that operate with similar concepts.

Any inability to compete successfully with the other restaurants and/or stores in our markets will prevent us from increasing or sustaining our revenues and profitability and will result in a material adverse effect on our business, financial condition, results of operations or cash flows. We may also need to modify or refine elements of our business to evolve our concepts in order to compete with popular new restaurant formats or store concepts that may develop in the future. There can be no assurance that we will be successful in implementing these modifications or that these modifications will not reduce our profitability.

New information or attitudes regarding diet and health could result in changes in regulations and consumer eating habits that could adversely affect our revenues.

Regulations and consumer eating habits may change because of new information or attitudes regarding diet and health. These changes may include regulations that impact the ingredients and nutritional content of our menu items at our restaurants. For example, a number of states, counties and cities are enacting menu-labeling laws requiring multi-unit restaurant operators to make certain nutritional information available to guests or restrict the sales of certain types of ingredients in restaurants. The success of our restaurant operations is dependent, in part, upon our ability to respond effectively to changes in consumer health and disclosure regulations and to adapt our menu offerings to trends in eating habits. If consumer health regulations or consumer eating habits change significantly, we may be required to modify or delete certain menu items. To the extent we are unable to respond with appropriate changes to our menu offerings, it could materially affect customer demand and have an adverse impact on our revenues.

Adverse public or medical opinions about health effects of consuming our products as well as negative publicity about us, our restaurants and/or package liquor stores and about others across the food and liquor industry supply chain, whether or not accurate, could negatively affect us.

Restaurant operators have received more scrutiny from regulators and health organizations in recent years relating to the health effects of consuming certain products. An unfavorable report on the products we use in our menu, the size of our portions or the consumption of those items could influence the demand for our offerings. In addition, adverse publicity or news reports, whether or not accurate, of food quality issues, illness, injury, health concerns, or operating issues stemming from a single restaurant, a limited number of restaurants, restaurants operated by others or generally in the food supply chain could be damaging to the restaurant industry overall and specifically harm our reputation. A decrease in guest traffic because of these types of health concerns or negative publicity could materially harm our results of operations.

Our inability to successfully and sufficiently raise menu prices could result in a decline in profitability.

We utilize menu price increases to help offset cost increases, including increased cost for commodities, minimum wages, employee benefits, insurance arrangements, construction, utilities and other key operating costs. If our selection and amount of menu price increases are not accepted by consumers and reduce guest traffic, or are insufficient to counter increased costs, our financial results could be negatively affected. However, we have not experienced any adverse effects from past menu price increases.

Increases in Food Costs, Raw Materials and Other Supplies and Services Due to Inflation May Have a Material Adverse Impact on our Financial Performance.

Our operating margins depend on, among other things, our ability to anticipate and react to changes in the costs of key operating resources, including food and beverage costs, utilities and other supplies and services due to inflation. We attempt to negotiate short-term and long-term agreements for our principal commodity, supply and equipment requirements, depending on market conditions and expected demand. However, we are currently unable to contract for extended periods of time for certain commodities. Consequently, these commodities can be subject to unforeseen supply and cost fluctuations due to factors such as changes in demand patterns, increases in the cost of key inputs, fuel costs, weather and other market conditions outside of our control caused by inflation. Dairy costs can also fluctuate due to government regulation. Our suppliers also may be affected by higher costs to produce and transport commodities used in our restaurants, higher minimum wage and benefit costs, and other expenses that they pass through to their customers, which could result in higher costs for goods and services supplied to us.

Shortages or interruptions in the supply of food offering ingredients and/or liquor inventory could adversely affect our operating results.

Our business is dependent on frequent and consistent deliveries of food offering ingredients and liquor inventory. We may experience shortages, delays or interruptions in the supply of ingredients and other supplies to our restaurants due to inclement weather, natural disasters, labor issues or other operational disruptions at our suppliers, distributors or transportation providers or other conditions beyond our control. In addition, we have a single or a limited number of suppliers for some of our ingredients, including baby back ribs. Although we believe we have potential alternative suppliers and sufficient reserves of food offering ingredients and liquor inventory, shortages or interruptions in our supply of food offering ingredients and liquor inventory could adversely affect our financial results.

Our business could be materially adversely affected if we are unable to expand in a timely and profitable manner.

To grow successfully, we must open new restaurants and/or package liquor stores on a timely and profitable basis. We have experienced delays in restaurant and/or package liquor store openings from time to time and may experience delays in the future. During our fiscal year 2024, we opened our restaurant in Hollywood, Florida (Store #19R) which replaced our restaurant destroyed by fire that previously operated at that site.

Our ability to open and profitably operate restaurants and/or package liquor stores is subject to various risks such as identification and availability of suitable and economically viable locations, the negotiation of acceptable leases or the purchase terms of existing locations, the availability of limited partner investors or other means to raise capital, the need to obtain all required governmental permits (including zoning approvals) on a timely basis, the need to comply with other regulatory requirements, the availability of necessary contractors and subcontractors, the availability of construction materials and labor, the ability to meet construction schedules and budgets, variations in labor and building material costs, changes in weather or other acts of God that could result in construction delays and adversely affect the results of one or more restaurants and/or package liquor stores for an indeterminate amount of time. If we are unable to manage these risks successfully, we will face increased costs and lower than anticipated revenues which will materially adversely affect our business, financial condition, operating results and cash flow.

Changes in customer preferences for casual dining styles could adversely affect financial performance.

Changing customer preferences, tastes and dietary habits can adversely impact our business and financial performance. We offer a large variety of entrees, side dishes and desserts and our continued success depends, in part, on the popularity of our cuisine and casual style of dining. A change from this dining style may have an adverse effect on our business.

Our success depends substantially on the value of our brands and our reputation for offering guests a satisfactory experience.

We believe we have built a reasonably strong reputation for the predictability of our menu items, as part of the experience that guests enjoy in our restaurants. We believe we must protect and grow the value of our brands to continue to be successful in the future. Any incident that erodes consumer trust in or affinity for our brands could be harmful to us. If consumers perceive or experience a reduction in food quality, service or ambiance, or in any way believe we failed to deliver a consistently positive experience, our brand value could suffer.

Our marketing and advertising strategies may not be successful, which could adversely impact our business.

From time to time, we introduce new advertising campaigns and media strategies. If our advertising campaign and new media strategies do not resonate with customers in the manner we hope, they may not result in increased sales, but would still increase our expenses. We will continue to invest in marketing and advertising strategies that we believe will attract customers or increase their connection with our brand. If these marketing and advertising investments do not drive increased restaurant and/or package store sales, the expense associated with these programs will adversely impact our financial results, and we may not generate the levels of comparable sales we expect.

Labor shortages, an increase in labor costs, or inability to attract employees could harm our business.

Our employees are essential to our operations and our ability to deliver an enjoyable dining experience to our customers. If we are unable to attract and retain enough qualified restaurant and/or package liquor store personnel at a reasonable cost, and if they do not deliver an enjoyable dining experience, our results may be negatively affected. Additionally, competition for qualified employees could require us to pay higher wages, which could result in higher labor costs.

Due to our geographic locations, restaurants are subject to climate conditions that could affect operations.

All but one (1) of our restaurants and package liquor stores are located in South Florida, with the remaining restaurant located in Central Florida. During hurricane season, (June 1 through November 30 each year), our restaurants and/or package liquor stores may face harsh weather associated with hurricanes and tropical storms. These harsh weather conditions may make it more difficult for customers to visit our restaurants and package liquor stores or may necessitate the closure of the stores and restaurants for a period of time. If customers are unable to visit our restaurants and/or package liquor stores, our sales and operating results may be negatively affected.

If we were to experience widespread difficulty renewing existing leases on favorable terms, our revenue or occupancy costs could be adversely affected.

Most of the properties on which we operate restaurants are leased from third parties, and some of our leases are due for renewal or extension options in the next several years. Some leases expire without any renewal options. While we currently expect to pursue the renewal of substantially all of our expiring restaurant leases, any difficulty renewing a significant number of such leases, or any substantial increase in rents associated with lease renewals, could adversely impact us. If we have to close any restaurants due to difficulties in renewing leases, we would lose revenue from the affected restaurants and may not be able to open suitable replacement restaurants. Substantial increases in rents associated with lease renewals would increase our occupancy costs, reducing our restaurant margins.

Due to our geographic locations, we may not be able to acquire windstorm insurance coverage or adequate windstorm insurance coverage at a reasonable rate.

Due to the anticipated active hurricane seasons in South Florida in the future, we may not be able to acquire windstorm insurance coverage for our restaurant and package liquor store locations on a year-to-year basis or may not be able to get adequate windstorm insurance coverage at reasonable rates. If we are unable to obtain windstorm insurance coverage or adequate windstorm insurance coverage at reasonable rates, then we will be self-insured for all or a part of the exposure for damages caused by a hurricane impacting South Florida, which may have a material adverse effect upon our financial condition and/or results of operations.

Our inability or failure to execute a comprehensive business continuity plan at our restaurant support centers following a disaster or force majeure event could have a material adverse impact on our business.

Many of our corporate systems and processes and corporate support for our restaurant and package liquor store operations are centralized at one location. We have disaster recovery procedures and business continuity plans in place to address crisis-level events, including hurricanes and other natural disasters and back up and off-site locations for recovery of electronic and other forms of data and information. However, if we are unable to fully implement our disaster recovery plans, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support field operations and other breakdowns in normal communication and operating procedures that could have a material adverse effect on our financial condition, results of operation and exposure to administrative and other legal claims. In addition, these threats are constantly evolving, which increases the difficulty of accurately and timely predicting, planning for and protecting against the threat. As a result, our disaster recovery procedures and business continuity plans security may not adequately address all threats we face or protect us from loss.

Inability to attract and retain customers could affect results of operations.

We take pride in our ability to attract and retain customers, however, if we do not deliver an enjoyable dining experience for our customers, they may not return and results may be negatively affected.

A failure to comply with governmental regulations could harm our business and our reputation.

We are subject to regulation by federal agencies and regulation by state and local health, sanitation, building, zoning, safety, fire and other departments relating to the development and operation of restaurants. These regulations include matters relating to the following:

- the preparation and sale of food and alcoholic beverages;
- employment;

- building construction and access;
- zoning requirements; and
- the environment.

Our facilities are licensed and subject to regulation under state and local fire, health and safety codes. The construction and remodeling of restaurants will be subject to compliance with applicable zoning, land use and environmental regulations. We may not be able to obtain necessary licenses or other approvals on a cost-effective and timely basis in order to construct and develop restaurants in the future.

Various federal and state labor laws govern our operations and our relationship with our employees, minimum wage, overtime, working conditions, fringe benefit and work authorization requirements. In particular, we are subject to federal immigration regulations. Given the location of many of our restaurants, even if we operate those restaurants in strict compliance with federal immigration requirements, our employees may not all meet federal work authorization or residency requirements, which could lead to disruptions in our work force.

Our business can be adversely affected by negative publicity resulting from, among other things, complaints or litigation alleging poor food quality, food-borne illness or other health concerns or operating issues stemming from one or a limited number of restaurants. Unfavorable publicity could negatively impact public perception of our brands.

We are required to comply with the alcohol licensing requirements of the federal government, states and municipalities where our restaurants are located. Alcoholic beverage control regulations require applications to state authorities and, in certain locations, county and municipal authorities for a license and permit to sell alcoholic beverages. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of the restaurants, including minimum age of guests and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling and storage and dispensing of alcoholic beverages. If we fail to comply with federal, state or local regulations, our licenses may be revoked and we may be forced to terminate the sale of alcoholic beverages at one or more of our restaurants.

The Federal Americans with Disabilities Act (the “ADA”) prohibits discrimination on the basis of disability in public accommodations and employment. We are required to comply with the ADA and regulations relating to accommodating the needs of disabled persons in connection with the construction of new facilities and with significant renovations of existing facilities.

Failure to comply with these and other regulations could negatively impact our reputation and could have an adverse effect on our business, financial condition, results of operations or cash flows.

We may face liability under dram shop statutes.

Our sale of alcoholic beverages subjects us to “dram shop” statutes, which allow an injured person to recover damages from an establishment that served alcoholic beverages to an intoxicated person. If we receive a judgment substantially in excess of our insurance coverage, or if we fail to maintain our insurance coverage, our business, financial condition, operating results or cash flows could be materially and adversely affected. There are currently no “dram shop” claims pending against us. See “Item 1. Business—Government Regulation” for a discussion of the regulations with which we must comply.

Concerns relating to pandemics and other diseases, food safety and food-borne illness could reduce customer traffic to our restaurants, disrupt our food supply chain or cause us to be the target of litigation, which could materially adversely affect our financial performance.

The COVID-19 pandemic had a significant adverse impact on our customer traffic and ability to operate our restaurants and future pandemics and other diseases may have a similar or more severe impact.

In years past, several nationally known restaurants experienced outbreaks of food poisoning believed to be caused by E.coli contained in fresh spinach, which is not included in any of the items on our menu, Asian and European countries experienced outbreaks of avian flu and incidents of “mad cow” disease have occurred in Canadian and U.S. cattle herds. These problems, other food-borne illnesses (such as, hepatitis A, trichinosis or salmonella) and injuries caused by food tampering have in the past, and could in the future, adversely affect the price and availability of affected ingredients and cause changes in consumer preference. As a result, our sales could decline.

Instances of food-borne illnesses, real or perceived, whether at our restaurants or those of our competitors, could also result in negative publicity about us or the restaurant industry, which could adversely affect sales. If we react to negative publicity by changing our menu or other key aspects of the dining experience we offer, we may lose customers who do not accept those changes and may not be able to attract enough new customers to produce the revenue needed to make our restaurants profitable. If our guests become ill from food-borne illnesses, we could be forced to temporarily close some restaurants. A decrease in guest traffic as a result of health concerns or negative publicity, or as a result of a change in our menu or dining experience or a temporary closure of any of our restaurants, could materially harm our business.

If we are unable to protect our customers' credit card data, we could be exposed to data loss, litigation and liability, and our reputation could be significantly harmed.

In connection with credit card sales, we transmit confidential credit card information by way of secure private retail networks. Although we use private networks, third parties may have the technology or know-how to breach the security of the customer information transmitted in connection with credit card sales, and our security measures and those of our technology vendors may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent these security measures, he or she could destroy or steal valuable information or disrupt our operations. Any security breach could expose us to risks of data loss, litigation, and liability, and could seriously disrupt our operations and any resulting negative publicity could significantly harm our reputation. We have not experienced any security breaches to date.

If we experience a significant failure in or interruption of certain key information technology systems, our business could be adversely impacted.

We use a variety of applications and systems to manage the flow of information securely within each of our restaurants and within our centralized corporate infrastructure. The services available within our systems and applications include restaurant and store operations, supply chain, inventory, scheduling, training, human capital management, financial tools and data protection services. The restaurant and store structure is based primarily on a point-of-sale system that operates locally and is integrated with other functions necessary to operations. It records sales transactions, receives out of store orders and authorizes, batches and transmits credit card transactions. The system also allows employees to enter time clock information and to produce a variety of management reports. Select information that is captured from this system at each restaurant or store is collected in the central corporate infrastructure, which enables management to continually monitor operating results. Our ability to manage efficiently and effectively our business depends significantly on the reliability and capacity of these and other systems and our operations depend substantially on the availability of our point-of-sale system and related networks and applications. These systems may be vulnerable to attacks or outages from security breaches, viruses and other disruptive problems, as well as from physical theft, fire, power loss, telecommunications failure or other catastrophic events. Any failure of these systems to operate effectively, whether from security breaches, maintenance problems, upgrades or transitions to new platforms, or other factors could result in interruptions to or delays in our restaurant or other operations, adversely impacting the restaurant or store experience for our customers or negatively impacting our ability to manage our business. If our information technology systems fail and our redundant systems or disaster recovery plans are not adequate to address such failures, or if our business interruption insurance does not sufficiently compensate us for any losses that we may incur, our revenues and profits could be reduced and the reputation of our brand and our business could be materially adversely affected. In addition, remediation of any problems with our systems could result in significant, unplanned expenses.

The effect of changes to U.S. healthcare laws may increase our healthcare costs and negatively impact our financial results.

We offer eligible full-time employees the opportunity to enroll in healthcare coverage subsidized by the Company. For various reasons, many of our eligible employees currently choose not to participate in our healthcare plans. The costs and other effects of any new healthcare requirements cannot be determined with certainty, but they may have a material adverse effect on our financial and operating results.

Governmental regulation in one or more of the following areas may adversely affect our existing and future operations and results, including by harming our ability to open new restaurants or increasing our operating costs.

Employment and immigration regulations

We are subject to various federal and state laws governing our relationship with and other matters pertaining to our employees, including wage and hour laws, requirements to provide meal and rest periods or other benefits, healthcare, family leave mandates, requirements regarding working conditions and accommodations to certain employees, citizenship or work authorization and related requirements, insurance and workers' compensation rules and anti-discrimination laws. Complying with these rules subjects us to substantial expense and can be cumbersome and can also expose us to liabilities from claims for non-compliance. For example, historically, lawsuits have been filed against us alleging violations of federal and state laws regarding employee wages and payment of overtime. We could suffer losses from and we incur legal costs to defend these and similar cases and the amount of such losses or costs could be significant. In addition, several states and localities in which we operate and the federal government have from time to time enacted minimum wage increases, paid sick leave and mandatory vacation accruals and similar requirements and these changes could increase our labor costs. Changes in U.S. healthcare laws could also adversely impact us if they result in significant new welfare and benefit costs or increased compliance expenses.

We also are subject to being audited from time to time for compliance with citizenship or work authorization requirements. From time to time, the State of Florida considers adopting new state immigration laws and the U.S. Congress and Department of Homeland Security from time to time consider or implement changes to Federal immigration laws, regulations or enforcement programs as well. Changes in immigration or work authorization laws may increase our obligations for compliance and oversight, which could subject us to additional costs and make our hiring process more cumbersome or reduce the availability of potential employees. Although we require all workers to provide us with government-specified documentation evidencing their employment eligibility, some of our employees may, without our knowledge, be unauthorized workers. We currently participate in the “E-Verify” program, an Internet-based, free program run by the U.S. government to verify employment eligibility for all employees throughout our company. However, use of E-Verify does not guarantee that we will properly identify all applicants who are ineligible for employment. Unauthorized workers may subject us to fines or penalties and we could experience adverse publicity that negatively affects our brand and may make it more difficult to hire and keep qualified employees. Termination of a significant number of employees would disrupt our operations including slowing our throughput and could also cause additional adverse publicity and temporary increases in our labor costs as we train new employees. We could also become subject to fines, penalties and other costs related to claims that we did not fully comply with all recordkeeping obligations of federal and state immigration compliance laws. Our reputation and financial performance may be materially harmed as a result of any of these factors.

On the other hand, in the event we wrongfully reject work authorization documents or if our compliance procedures are found to have a disparate impact on a protected class, such as a racial minority or based on the citizenship status of applicants, we could be found to be in violation of anti-discrimination laws. We could experience adverse publicity arising from enforcement activity related to work authorization compliance, anti-discrimination compliance, or both, that negatively impacts our brand and may make it more difficult to hire and keep qualified employees. Moreover, our business could be adversely affected by increased labor costs or difficulties in finding the right employees for our restaurants.

Additionally, while we do not currently have any unionized employees, union organizers have engaged in efforts to organize employees of other restaurant companies. If a significant portion of our employees were to become union organized, our labor costs could increase and our efforts to maintain a culture appealing only to top performing employees could be impaired. Potential changes in labor laws, including the possible passage of legislation designed to make it easier for employees to unionize, could increase the likelihood of some or all of our employees being subjected to greater organized labor influence and could have an adverse effect on our business and financial results by imposing requirements that could potentially increase our costs, reduce our flexibility and impact our employee culture.

Americans with disabilities act and similar state laws

We are subject to the U.S. Americans with Disabilities Act, or ADA, and similar state laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas. We have incurred legal fees in connection with ADA-related complaints in the past and we may in the future have to modify restaurants, for example by adding access ramps or redesigning certain architectural features, to provide service to or make reasonable accommodations for disabled persons under these laws. The expenses associated with these modifications or any damages, legal fees and costs associated with litigating or resolving claims under the ADA or similar state laws, could be material.

Nutrition and food regulation

In recent years there has been an increased legislative, regulatory and consumer focus at the federal, state and municipal levels on the food industry including nutrition and advertising practices. Restaurants operating in the quick-service and fast-casual segments have been a particular focus. Numerous jurisdictions around the U.S. have adopted regulations requiring that chain restaurants include calorie information on their menus and/or make other nutritional information available and U.S. health care reform law included nation-wide nutrition disclosure requirements. These nutrition disclosure requirements may increase our expenses or slow customers as they select their food and beverage choices decreasing our throughput. These initiatives may also change customers’ buying habits in a way that adversely impacts our sales.

Privacy/Cybersecurity

We are required to collect and maintain personal information about our employees and we collect information about customers as part of some of our marketing programs as well. The collection and use of such information is regulated at the federal and state levels and the regulatory environment related to information security and privacy is increasingly demanding. If our security and information systems are compromised or if we otherwise fail to comply with these laws and regulations, we could face litigation and the imposition of penalties that could adversely affect our financial performance. Our reputation as a brand or as an employer could also be adversely affected from these types of security breaches or regulatory violations, which could impair our sales or ability to attract and keep qualified employees.

Local licensure, zoning and other regulation

Each of our restaurants is also subject to state and local licensing and regulation by health, alcoholic beverage, sanitation, food and workplace safety and other agencies. We may experience material difficulties or failures in obtaining the necessary licenses or approvals for new restaurants, which could delay planned restaurant openings. In addition, stringent and varied requirements of local regulators with respect to zoning, use and environmental factors could delay or prevent development of new restaurants in particular locations.

Environmental laws

We are subject to federal, state and local environmental laws and regulations concerning the discharge, storage, handling, release and disposal of hazardous or toxic substances, as well as local ordinances relating to our operations. We have not conducted a comprehensive environmental review of our properties or operations. We cannot predict what environmental laws will be enacted in the future, how existing or future environmental laws will be administered or interpreted, or the amount of future expenditures that we may need to make to comply with or to satisfy claims relating to environmental laws.

We could be party to litigation that could adversely affect us by distracting management, increasing our expenses or subjecting us to material money damages and other remedies.

We could be party to litigation that could adversely affect us by distracting management, increasing our expenses or subjecting us to material money damages and other remedies. We could become subject to numerous claims alleging violations of federal and state laws regarding workplace and employment matters, including wages, work hours, overtime, vacation and family leave, discrimination, wrongful termination and similar matters, and we could become subject to class action or other lawsuits related to these or different matters. Our customers could file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to our restaurants or that we have problems with food quality, operations or our food related disclosure or advertising practices. The restaurant industry has been subject to a growing number of claims based on the nutritional content of food products sold and disclosure and advertising practices.

Regardless of whether any claims against us are valid or whether we are ultimately held liable for such claims, they may be expensive to defend and may divert time and money away from our operations and hurt our performance. A significant judgment for any claims against us could materially and adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations, whether directed at us or at fast casual or quick-service restaurants generally, may also materially and adversely affect our reputation or prospects, which in turn could adversely affect our results.

Our success may depend on the continued service and availability of key personnel.

Our Chairman and Chief Executive Officer and President, James Flanigan, has been the principal architect of our business strategy since 2002. August Bucci, Jeffrey Kastner and Christopher O'Neil, our Chief Operating Officer, Chief Financial Officer and Vice President of Package Operations, respectively, have also served with us since 2002 in the case of Mr. Bucci, since 2004 in the case of Mr. Kastner and 2016 in the case of Mr. O'Neil, and much of our growth has occurred under their direction as well. We believe our executive officers have created an employee culture, food culture and business strategy at our company that has been critical to our success and that may be difficult to replicate under another management team. We also believe that it may be difficult to locate and retain executive officers who are able to grasp and implement our unique strategic vision. If our company culture were to deteriorate following a change in leadership, or if a new management team were to be unsuccessful in executing our strategy or were to change important elements of our current strategy, our growth prospects or future operating results may be adversely impacted.

We are exposed to risks related to cybersecurity.

Although we maintain systems and processes that are designed to protect the security of our computer systems, software, networks and other technology, there is no assurance that all of our security measures will provide absolute security. Any material incidents could cause us to experience financial losses that are either not insured against or not fully covered through any insurance maintained by us and increased expenses related to addressing or mitigating the risks associated with any such material incidents. Cyber threats are rapidly evolving and are becoming increasingly sophisticated. Despite our efforts to ensure the integrity of our systems, as cyber threats evolve and become more difficult to detect and successfully defend against, one or more cyber threats might defeat the measures that we or our vendors take to anticipate, detect, avoid or mitigate such threats. Certain techniques used to obtain unauthorized access, introduce malicious software, disable or degrade service, or sabotage systems may be designed to remain dormant until a triggering event and we may be unable to anticipate these techniques or implement adequate preventative measures since techniques change frequently or are not recognized until launched, and because cyberattacks can originate from a wide variety of sources. If our information security systems or data are compromised in a material way, our ability to conduct our business may be impaired, we may incur financial losses and we may incur costs to remediate possible harm and/or to pay fines or take other action which could have a material adverse impact on our business.

If there is a material failure in our information technology systems, our business operations and profits could be negatively affected and our systems may be inadequate to support our future growth strategies.

We rely heavily on information technology systems in all aspects of our operations including our restaurant point-of sale systems, financial systems, marketing programs, employee engagement, supply chain management, cyber-security, and various other processes and transactions. Our ability to effectively manage and run our business depends on the reliability and capacity of our information technology systems, including technology services and systems for which we contract from third parties. These systems and services may be insufficient to effectively manage and run our business. These systems and our business needs will continue to evolve and require upgrades and maintenance over time, consequently requiring significant future commitments of resources and capital.

Moreover, these technology services and systems, communication systems, and electronic data could be subject or vulnerable to damage or interruption from hurricanes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, loss of data, data breaches, or other attempts to harm our systems. A failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, or any other failure to maintain a continuous and secure information technology network for any of the above reasons could result in interruption and delays in customer services, adversely affect our reputation, and negatively impact our results of operations.

Acts of violence at or threatened against our restaurants or the centers in which they are located, including active shooter situations and terrorism, could unfavorably impact our restaurant sales, which could materially adversely affect our financial performance.

Any act of violence at or threatened against our restaurants or the centers in which they are located, including active shooter situations and terrorist activities, may result in restricted access to our restaurants and/or restaurant closures in the short-term and, in the long-term, may cause our customers and staff to avoid our restaurants. Any such situation could adversely impact customer traffic and make it more difficult to staff our restaurants fully, which could materially adversely affect our financial performance.

The occurrence or threat of extraordinary events, such as active shooter or future terrorist attacks military and governmental responses, and the protest of future wars, may result in negative changes to economic conditions likely resulting in decreased consumer spending. Additionally, decreases in consumer discretionary spending may impact the frequency with which our customers choose to dine out at restaurants or the amount they spend on meals while dining out at restaurants, thereby adversely affecting our sales and results of operations. A decrease in consumer discretionary spending may also adversely affect our ability to achieve the benefit of planned menu price increases to help preserve our operating margins.

Social media impact on customer perceptions of our brand.

The considerable expansion in the use of social media over recent years can further amplify any negative publicity that may be generated. The adverse impact of publicity on customers' perception of us could have a further negative impact on our sales. If the impact of any such publicity is particularly long-lasting, the value of our brand may suffer and our ability to grow could be diminished.

Our digital business has become an increasingly significant part of our business.

Our revenue derived from digital orders, which includes delivery and customer pickup has increased substantially. We have implemented technology, targeted advertising and promotions and to some extent remodeled our restaurants, to accommodate the growth of our digital business. If we do not continue to grow our digital business, it may be difficult for us to recoup these costs or achieve our sales growth potential. We rely on third-party delivery services to fulfill package store delivery orders, and the ordering and payment platforms used by these third-parties, or online ordering system, could be interrupted by technological failures, user errors, cyber-attacks or other factors, which could adversely impact sales through these channels and negatively impact our reputation. Additionally, our delivery partners are responsible for order fulfillment and errors or failures to make timely deliveries could cause guests to stop ordering from us. The third-party delivery business is competitive, with a number of players competing for market share and delivery drivers. If the third-party delivery services that we utilize cease or curtail operations, increase their fees, or give greater priority or promotions on their platforms to our competitors, our delivery business and our sales may be negatively impacted.

Changes in interest rates.

As of September 28, 2024, we had one variable rate instrument outstanding that is impacted by changes in interest rates. The variable rate debt instrument is equal to the lender's BSBY Screen Rate plus one and one-half percent (1.50%) per annum. As a means of managing our interest rate risk on the debt instrument, we entered into an interest rate swap agreement with our unrelated third party lender to convert this variable rate debt obligation to fixed rate. The Bloomberg Index Services Limited announced the permanent cessation of all tenors of BSBY, effective immediately following the last publication of BSBY on November 15, 2024. As of that date, our lender has determined that a commercially reasonable and good faith alternative to BSBY is the 1 Month CME Term Secured Overnight Financing Rate ("SOFR"), plus 10 Basis Points.

ITEM 1B UNRESOLVED STAFF COMMENTS

As a Smaller Reporting Company as defined by Rule 12b-2 of the Exchange Act and in Item 10(f)(1) of Regulation S-K, we are electing scaled disclosure reporting obligations and therefore are not required to provide the information requested by this Item 1B.

ITEM 1C CYBERSECURITY

Cybersecurity Risk Management and Strategy

We are committed to safeguarding our information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction. Our program to protect our information assets and the management of risks to those assets supports the confidentiality, integrity, and availability of the information necessary to our long-term business success.

Our cybersecurity risk management program includes:

- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls, including, third-party network security reviews, scans, and audits, on at least an annual basis;
- regular cybersecurity awareness training for employees with access to our information systems, incident response personnel, and senior management;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents;
- a disaster recovery plan and controls designed to protect against business interruption, including by backing up our critical systems;
- use of end-to-end encryption and tokenization technology, a public key infrastructure, designed to ensure that only trusted devices can access our enterprise information technology network, and Intrusion Prevention System (IPS) that scans data in transit to help prevent the execution of harmful code; and
- a third-party risk management process for service providers, suppliers, and vendors who have access to our information systems.

There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or are effective in protecting our systems and information. We are not currently aware of risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected or are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition.

Cybersecurity Governance

Our Board of Directors has oversight responsibility for the Company's cybersecurity risk management, including technology and cybersecurity risks facing the Company. Management updates the Board, as necessary, regarding cybersecurity risk management matters, including reporting any material cybersecurity incidents.

Our management team, including the CEO, CFO, COO, Director of Information Technology, and Director of Accounting, as appropriate, supervises efforts to prevent, detect, mitigate and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the information technology environment.

ITEM 2. PROPERTIES.

Our operations are conducted primarily on leased property with the exception of the following:

- (i) a 10,000 square foot stand-alone building located in Fort Lauderdale, Florida that we purchased in December 1999, which since April 2001 has housed our corporate headquarters;
- (ii) a 4,600 square foot stand-alone building located in Hallandale, Florida that we purchased in July 2006 and which since September 1968 has housed our Hallandale, Florida Company-owned combination restaurant and package liquor store (Store #31);
- (iii) a 4,120 square foot stand-alone building in Hollywood, Florida we constructed in November 2003, upon real property we acquired in September 2001 pursuant to a 25 year ground lease interest, (a portion of this building is leased to an unaffiliated third party), and which since November 2003 has housed our Hollywood, Florida Company-owned package liquor store (Store #4);
- (iv) a 4,500 square foot stand-alone building located in Hollywood, Florida that we purchased in October 2009 and which housed our Hollywood, Florida Company-owned combination restaurant and package liquor store (Store #19) from March, 1972 until it was destroyed by fire on October 2, 2018 and the vacant parcel of real property adjacent thereto which we purchased in February 2015. Subsequent to the fire, (i) we constructed a 3,000 square foot stand-alone building on the vacant parcel of real property for the operation of our Company-owned package liquor store (Store #19P), which opened for business during the first quarter of our fiscal year 2023; and (ii) we constructed a 4,500 square foot stand-alone building here for the operation of the Company-owned restaurant, (Store #19R), which opened for business during the second quarter of our fiscal year 2024;
- (v) a 4,600 square foot stand-alone building located in Fort Lauderdale, Florida that we purchased in August 2010 and which since December 1968 has housed our Fort Lauderdale, Florida Company-owned restaurant (Store #22);
- (vi) a 5,100 square foot stand-alone building in North Miami, Florida that we purchased in November 2010; the two parcels of real property adjacent thereto which we purchased in December 2012, one of which is contiguous to the real property and which we previously leased for non-exclusive parking and the vacant parcel of real property adjacent to the two parcels of real property which we purchased in March 2017. The stand-alone building housed our North Miami, Florida Company-owned combination restaurant and package liquor store, (Store #20), from July 1968 until June 2017 when the package liquor store was re-located to a new building we constructed on the adjacent property;
- (vii) a 23,678 square foot two building shopping center in Miami, Florida that we purchased in November 2010: (A) one stand-alone building, approximately 18,828 square feet, (i) houses our package liquor store #45 and (ii) is otherwise leased to ten unaffiliated third party retailers; and (B) the second stand-alone building, approximately 4,850 square feet, has housed our limited partnership owned Kendall, Florida based restaurant since April 4, 2000, (Store #70);
- (viii) a 6,400 square foot building in Fort Lauderdale, Florida that we purchased in February 2014, 4,000 square feet of which has been leased to a related franchisee (Store #15) since April 1, 1997 and the balance (2,400 square feet) of which we use as storage. In August 2018 we purchased the real property and quadraplex adjacent thereto to insure adequate parking for the franchised restaurant in the future, if needed;
- (ix) a 6,000 square foot stand-alone building in Fort Lauderdale, Florida and the vacant real property diagonally adjacent that we purchased in October 2015, which we use as office and warehouse space, covered parking for our food truck and as a storage yard;

- (x) a 6,900 square foot stand-alone building in Sunrise, Florida, which we purchased in March 2021 and houses our limited partnership owned Sunrise, Florida based restaurant, (Store #85), which opened for business in March 2022;
- (xi) a 6,000 square foot commercial space in Miami, Florida, which we purchased in April 2023 and in which we operate our package liquor store and warehouse (Store #47), through a sublease agreement from a sale-leaseback arrangement in January 1974; and
- (xii) a 5,450 square foot three building shopping center in Hallandale Beach, Florida (adjacent to our combination package store and restaurant in Hallandale Beach, Florida (Store #31)), that we purchased in April 2023: (A) one stand-alone building, approximately 1,450 square feet, of which 950 square feet is leased to one unaffiliated third party retailer and 500 square feet which is occupied by us; (B) the second stand-alone building, approximately 1,500 square feet, which is leased to one unaffiliated third party retailer and (C) the third stand-alone building, approximately 2,500 square feet, which is leased to one unaffiliated third party retailer, (collectively Store #38).

All of our units require periodic refurbishing in order to remain competitive. We have budgeted \$550,000 for our refurbishing program for fiscal year 2025, although capital expenditures of our refurbishing program for our fiscal year 2025 may be significantly higher. See Item 7, "Liquidity and Capital Resources" for discussion of the amounts spent in fiscal year 2024.

The following table summarizes information related to the properties upon which our operations are conducted. For all locations that include lease options, the lessor must extend the term of the lease for a location if we exercise the lease option. If there is no lease option or if we do not exercise the same, the lessor is not required to extend the term of the lease upon expiration.

Name and Location	Approx. Square Footage	Seats	Franchised/ Owned by	Lease Terms
Big Daddy's Liquors #4 Flanigan's Enterprises Inc. (5) 7003 Taft Street Hollywood, Florida	1,978	N/A	Company	3/1/02 to 2/28/27 Options to 2/28/47
Big Daddy's Liquors #7 Flanigan's Enterprises, Inc. 1550 W. 84th Street Hialeah, Florida	1,450	N/A	Company	11/1/00 to 10/31/25
Big Daddy's Liquors #8 Flanigan's Enterprises, Inc. 959 State Road 84 Fort Lauderdale, Florida	4,084	N/A	Company	5/1/99 to 4/30/29
Flanigan's Seafood Bar and Grill #9 Flanigan's Enterprises, Inc. 1550 W. 84th Street Hialeah, Florida	4,700	130	Company	1/1/10 to 12/31/29 Options to 12/31/49
Flanigan's Legends Seafood Bar and Grill #11 11 Corporation, Inc. (1) 330 Southern Blvd. W. Palm Beach, Florida	5,000	150	Franchise	1/4/00 to 1/3/25
Flanigan's Seafood Bar and Grill #12 Flanigan's Enterprises, Inc. 2405 Tenth Ave. North Lake Worth, Florida	5,000	180	Company	11/16/92 to 11/15/28 Options to 11/15/38
Flanigan's Seafood Bar and Grill #14 Big Daddy's #14, Inc. (1) (4) 2041 NE Second St. Deerfield Beach, Florida	3,320	90	Franchise	6/1/79 to 6/1/29 Options to 6/1/34

Name and Location	Approx. Square Footage	Seats	Franchised/ Owned by	Lease Terms
Flanigan's Seafood Bar and Grill #15 CIC Investors #15 Ltd. (1) (7) 1479 E. Commercial Blvd. Ft. Lauderdale, Florida	4,000	90	Franchise/ Limited Partnership	1/1/09 to 8/31/26 Options to 8/31/36
Flanigan's Seafood Bar and Grill #18 Twenty Seven Birds Corp. (1) (2) 2721 Bird Avenue Miami, Florida	4,500	200	Franchise	2/15/72 to 12/31/25 Options to 12/31/35
Big Daddy's Liquors #18 Twenty Seven Birds Corp. (1) (2) 2988 S.W. 27 th Avenue Miami, Florida	3,000	N/A	Franchise	2/15/72 to 12/31/25 Options to 12/31/35
Flanigan's Wine & Liquors #19 (8) Flanigan's Enterprises, Inc. 2505 N. University Dr., Building A Hollywood, Florida	3,000	N/A	Company	Company-Owned
Flanigan's Seafood Bar and Grill #19 (8) Flanigan's Enterprises, Inc. 2505 N. University Dr., Building B Hollywood, Florida	4,500	160	Company	Company-Owned
Flanigan's Seafood Bar and Grill #20 Flanigan's Enterprises, Inc. 13205 Biscayne Blvd. North Miami, Florida	5,100	150	Company	Company-Owned
Big Daddy's Liquors #20 Flanigan's Enterprises, Inc. 13185 Biscayne Blvd. North Miami, Florida	2,500	N/A	Company	Company-Owned
Flanigan's Seafood Bar and Grill #22 Flanigan's Enterprises, Inc. 2600 W. Davie Blvd. Ft. Lauderdale, Florida	4,100	200	Company	Company-Owned
Big Daddy's Wine & Liquors #24 Flanigan's Enterprises, Inc. (10) 11225 Miramar Parkway, #245 Miramar, Florida	2,000	N/A	Company	3/5/22 to 3/5/32 Options to 3/5/47

Name and Location	Approx. Square Footage	Seats	Franchised/ Owned by	Lease Terms
Brendan's Sports Pub Flanigan's Enterprises, Inc. 868 S. Federal Highway Pompano Beach, Florida	3,500	85	Company	6/16/22 to 6/30/72
Flanigan's Seafood Bar and Grill #31 Flanigan's Enterprises, Inc. 4 N. Federal Highway Hallandale, Florida	4,600	150	Company	Company-Owned
Flanigan's Seafood Bar and Grill #33 Flanigan's Enterprises, Inc. 45 S. Federal Highway Boca Raton, Florida	4,620	130	Company	10/1/10 to 6/30/30
Big Daddy's Liquors #34 Flanigan's Enterprises, Inc. 9494 Harding Ave. Surfside, Florida	3,000	N/A	Company	5/29/97 to 5/28/27 Options to 5/28/37
Flanigan's Seafood Bar and Grill #40 Flanigan's Enterprises, Inc. 5450 N. State Road 7 N. Lauderdale, Florida	4,600	140	Company	Company-Owned
Piranha Pat's #43 BD 43 Corporation (1) (2) 2500 E. Atlantic Blvd. Pompano Beach, Florida	4,500	90	Franchise	12/1/72 to 11/30/27
Big Daddy's Liquors #45 Flanigan's Enterprises, Inc. 12776 S.W. 88th Street Miami, Florida	3,250	N/A	Company	7/1/19 to 6/30/29 Option to 6/30/34
Big Daddy's Liquors #47 Flanigan's Enterprises, Inc. (3) 8600 Biscayne Blvd. Miami, Florida	6,000	N/A	Company	12/21/68 to 1/1/30 Options to 1/1/50 (Sublease) Company-Owned
Flanigan's Seafood Bar and Grill #13 CIC Investors #13, Ltd. 11415 S. Dixie Highway Pinecrest, Florida	8,000	200	Limited Partnership	6/01/91 to 1/31/31 Option to 1/31/36

Name and Location	Approx. Square Footage	Seats	Franchised/ Owned by	Lease Terms
Flanigan's #25 CIC Investors #25, Ltd. (9) 11225 Miramar Parkway, #250 Miramar, Florida	6,000	200	Limited Partnership	3/5/22 to 3/5/32 Options to 3/5/47
Flanigan's Seafood Bar and Grill #50 CIC Investors #50, Ltd. 17185 Pines Boulevard Pembroke Pines, Florida	4,000	200	Limited Partnership	10/24/06 to 10/23/26 Option to 10/23/31
Flanigan's Seafood Bar and Grill #55 CIC Investors #55, Ltd. 2190 S. University Drive Davie, Florida	5,900	200	Limited Partnership	1/5/07 to 12/31/26 Option to 12/31/31
Flanigan's Seafood Bar and Grill #60 CIC Investors #60 Ltd. 9516 Harding Avenue Surfside, Florida	6,800	200	Limited Partnership	8/1/97 to 12/31/26
Flanigan's Seafood Bar and Grill #65 CIC Investors #65, Ltd. 2335 State Road 7, Suite 100 Wellington, Florida	6,128	200	Limited Partnership	5/01/05 to 6/30/35 Option to 6/30/40
Flanigan's Seafood Bar and Grill #70 CIC Investors #70 Ltd. 12790 SW 88 St. Miami, Florida	4,850	200	Limited Partnership	4/1/00 to 3/31/25 Option to 3/31/30
Flanigan's Seafood Bar and Grill #75 Flanigan's Enterprises, Inc. 950 S. Federal Highway Stuart, Florida	7,000	200	Company	5/1/10 to 4/30/26 Option to 4/30/31
Flanigan's Seafood Bar and Grill #80 CIC Investors #80 Ltd. 8695 N.W. 12 th St Miami, Florida	5,000	165	Limited Partnership	6/15/01 to 12/14/29 Options to 12/14/39
Flanigan's Seafood Bar and Grill #85 CIC Investors #85 Ltd. 14301 W. Sunrise Blvd. Sunrise, Florida	6,900	200	Limited Partnership	3/1/19 to 2/28/29 Options to 2/28/44 Company-Owned

Name and Location	Approx. Square Footage	Seats	Franchised/ Owned by	Lease Terms
Flanigan's Seafood Bar and Grill #90 CIC Investors #90 Ltd. 9857 S.W. 40 th Street Miami, Florida	6,400	200	Limited Partnership	4/1/11 to 3/31/31 Option to 3/31/36
Flanigan's Seafood Bar and Grill #95 Flanigan's Enterprises, Inc. 2460 Weston Road Weston, Florida	5,700	235	Company	10/1/17 to 9/30/27 Option to 9/30/32
Flanigan's Calusa Center, LLC (6) 12750 – 12790 S.W. 88 th Street Miami, Florida	23,700		Company	Company-owned shopping center
Flanigan's Enterprises, Inc. (11) 615 – 715 E. Hallandale Beach Blvd. Hallandale Beach, Florida	5,450		Company	Company-owned shopping center

- (1) Franchised by Company.
- (2) Lease assigned to franchisee. We are no longer contingently liable on the lease.
- (3) In 1974, we sold and assigned the underlying ground lease to unaffiliated third parties and simultaneously subleased it back. We have re-purchased from the unaffiliated third parties and currently own 56% of the underlying ground lease, as well as the sublease agreement. In April, 2023 we purchased the real property, subject to the ground lease and sublease agreement through which we continue to occupy the premises. As a result, we pay 44% of the rent due under the ground lease and the sublease agreement.
- (4) Effective December 1, 1998, we purchased the Management Agreement to operate the franchised restaurant for the franchisee.
- (5) Ground lease executed by us on September 25, 2001. We constructed a 4,120 square foot building, of which 1,978 square feet is used by us for the operation of a package liquor store and the other 2,142 square feet is subleased to an unaffiliated third party as retail space. The package liquor store opened for business on November 17, 2003.
- (6) During the first quarter of our fiscal year 2012, our wholly owned subsidiary, Flanigan's Calusa Center, LLC, closed on the purchase of a two building shopping center in Miami, Florida, which consists of (i) one stand-alone building which is leased to ten unaffiliated third parties and houses our package liquor store #45 (approximately 3,250 square feet) and (ii) a second stand-alone building where our limited partnership owned restaurant located at 12790 SW 88th Street, Miami, Florida, (Store #70), operates.
- (7) During the second quarter of our fiscal year 2014, we closed on the purchase of the building in Fort Lauderdale, Florida, which is leased to our franchisee owned restaurant located at 1479 E. Commercial Boulevard, Fort Lauderdale, Florida, (Store #15).
- (8) During the first quarter of our fiscal year 2019, our combination package liquor store and restaurant located at 2505 N. University Drive, Hollywood, Florida (Store #19), was damaged by a fire and was forced to close. We determined that Store #19 should be demolished and rebuilt as separate buildings. As a result, the package liquor store was closed since our first quarter year 2019, but re-opened for business in the first quarter of fiscal 2023 in a newly constructed stand-alone building #19P. During the second quarter of our fiscal year 2024, we re-opened our restaurant in a stand-alone building on the same site in Hollywood, Florida adjacent to Store #19P.
- (9) During the fourth quarter of our fiscal year 2019, we entered into a lease for this location, which lease was subsequently assigned to a limited partnership. We raised funds to renovate this new location for operation as a "Flanigan's" restaurant using our limited partnership ownership model, which location opened for business in April 2023.
- (10) During the fourth quarter of our fiscal year 2019, we entered into a lease for this location. This new location opened for business as a "Big Daddy's Wine & Liquors" retail package liquor store in March 2023.

- (11) During the third quarter of our fiscal year 2023, we closed on the purchase of a three building shopping center in Hallandale Beach, Florida adjacent to our combination package store and restaurant in Hallandale Beach, Florida (Store #31), which consists of: (A) one stand-alone building which is leased to two unaffiliated third party retailers; (B) the second stand-alone building which is leased to one unaffiliated third party retailer; and (C) the third stand-alone building which is leased to one unaffiliated third party retailer.

Re-construction Following Casualty Loss

During the first quarter of our fiscal year 2019, our combination package liquor store and restaurant located at 2505 N. University Drive, Hollywood, Florida (Store #19) was damaged by a fire and was forced to close. The package liquor store re-opened for business during the first quarter of our fiscal year 2023 in a newly constructed stand-alone building. The restaurant re-opened for business during the second quarter of our fiscal year 2024 in a newly constructed stand-alone building where our combination package liquor store and restaurant was previously located.

Purchase of Real Property; Leasehold / Sub-leasehold Interests

El Portal, Florida (“Big Daddy’s Liquors”/Warehouse)

During the third quarter of our fiscal year 2023, we closed with a non-affiliated third party on the purchase of the real property it owns located at 8600 Biscayne Boulevard, El Portal, Florida consisting of approximately 6,000 square feet of commercial space which we sublease and where our “Big Daddy’s Liquors” package liquor store and our warehouse (Store #47) operate for \$3,200,000. We paid all cash at closing. Despite the purchase of this property, the sublease arrangement remains in place with all investors.

Hallandale Beach, Florida

During the third quarter of our fiscal year 2023, we closed with a non-affiliated third party on the purchase of a three building shopping center in Hallandale Beach, Florida, which consists of one stand-alone building a portion of which is leased to one unaffiliated third party (approximately 950 square feet) and a portion of which is occupied by us (approximately 500 square feet); a second stand-alone building which is leased to one unaffiliated third party (approximately 1,500 square feet); and a third stand-alone building which is leased to one unaffiliated third party (approximately 2,500 square feet) for \$8,500,000. The rental income generated by these three lease arrangements is not material. The real property is located adjacent to our real property located at 4 N. Federal Highway, Hallandale Beach, Florida, where our combination package store and restaurant (Store #31) operates. We paid all cash at closing and accounted for this transaction as an asset acquisition.

Purchase of Leasehold/Sub-leasehold Interests

In 1974, we sold the underlying ground lease to the real property located at 8600 Biscayne Boulevard, El Portal, Florida to related and unrelated third parties and simultaneously subleased it back. We operate our retail package liquor store (Store #47) and warehouse from this location. During the first quarter of our fiscal year 2024, we re-purchased a 4% interest in the underlying ground lease, as well as the sublease agreement from an unrelated third party for \$31,000 and currently own 56% of each lease. As a result, we now only pay 44% of the rent due under the ground lease and the sublease agreement.

Subsequent Events

Subsequent to the end of our fiscal year 2024, we entered into a new Master Services Agreement with our current vendor for a period of one (1) year effective January 1, 2025, with Company options of four (4) one (1) year renewal options to extend the term of the same.

Subsequent to the end of our fiscal year 2024, for the policy year commencing December 30, 2024, we bound coverage on the following property, general liability, auto, excess liability, and terrorism policies with premiums totaling approximately \$4,014,000 of which property, general liability, excess liability and terrorism insurance includes coverage for our franchises and our managed restaurant (of approximately \$867,000), which are not included in our consolidated financial statements:

(i) For the policy year beginning December 30, 2024, our general liability insurance, excluding limited partnerships, is a one (1) year policy with our insurance carriers. For the policy commencing December 30, 2024, the self-insured retention per occurrence is \$50,000. The one (1) year general liability insurance premium is in the amount of \$479,000;

(ii) For the policy year beginning December 30, 2024, the general liability insurance for our limited partnerships, including franchisees and the managed restaurant is a one (1) year policy with our insurance carriers. For the policy commencing December 30, 2024, the self-insured retention per occurrence is \$10,000. The one (1) year general liability insurance premium is in the amount of \$1,099,000;

(iii) For the policy year beginning December 30, 2024, our automobile insurance is a one (1) year policy. The one (1) year automobile insurance premium is in the amount of \$234,000;

(iv) For the policy year beginning December 30, 2024, our property insurance is a one (1) year policy. The one (1) year property insurance premium is in the amount of \$1,317,000;

(v) For the policy year beginning December 30, 2024, our excess liability insurance is a one (1) year policy. The one (1) year excess liability insurance premium is in the amount of \$866,000; and

(vi) For the policy year beginning December 30, 2024, our terrorism insurance is a one (1) year policy. The one (1) year terrorism insurance premium is in the amount of \$19,000.

Of the \$4,014,000 annual premium amounts, which includes coverage for our franchises and our managed restaurant which are not included in our consolidated financial statements, we will pay the annual premium amounts in full with no financing due to high interest rates.

Subsequent events have been evaluated through the date these consolidated financial statements were issued and except as provided above, no events required disclosure.

ITEM 3. LEGAL PROCEEDINGS

From time to time, we are a defendant in litigation arising in the ordinary course of our business, including claims resulting from “slip and fall” accidents, dram shop claims, claims under federal and state laws governing access to public accommodations, employment-related claims and claims from guests alleging illness, injury or other food quality, health or operational concerns. To date, none of this litigation, some of which is covered by insurance, has had a material effect on us.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Our common stock is traded on the NYSE AMERICAN under the symbol “BDL”.

Holders

As of the close of business on December 24, 2024, there were approximately 155 holders of record of our common stock.

Dividend Policy

During our fiscal year 2024, our Board of Directors declared a cash dividend of \$0.50 per share to shareholders of record on June 14, 2024 and was made payable on June 28, 2024. During our fiscal year 2023, our Board of Directors declared a cash dividend of \$0.45 per share to shareholders of record on June 12, 2023 and was made payable on June 26, 2023. Any future determination to pay cash dividends will be at our Board’s discretion and will depend upon our financial condition, operating results, capital requirements and such other factors as our Board deems relevant.

Issuer Repurchases of Equity Securities

Pursuant to a discretionary plan approved by the Board of Directors at its meeting on May 17, 2007, the Board of Directors authorized management to purchase up to 100,000 shares of our common stock, at a purchase price up to \$15.00 per share. Since the Board’s 2007 authorization, we have purchased an aggregate of 34,586 shares, none of which were purchased by us in our fiscal year 2024. As of September 28, 2024, we still have authority to purchase 65,414 shares of our common stock under the discretionary plan approved by the Board of Directors.

ITEM 6. RESERVED

Not Applicable.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Except for the historical information contained herein, the following discussion contains forward-looking statements that are subject to known and unknown risks, uncertainties and other factors that may cause our actual results to differ materially from those expressed or implied by such forward-looking statements. We discuss such risks, uncertainties and other factors throughout this report and specifically under the captions “Risk Factors”. In addition, the following discussion and analysis should be read in conjunction with the 2024 and 2023 Consolidated Financial Statements and the related Notes to Consolidated Financial Statements included elsewhere in this report.

OVERVIEW

Financial Information Concerning Industry Segments

Our business is conducted principally in two segments: the restaurant segment and the package liquor store segment. Financial information broken into these two principal industry segments for the two fiscal years ended September 28, 2024 and September 30, 2023 is set forth in the Consolidated Financial Statements which are attached hereto.

General

As of September 28, 2024, we (i) operated 32 units, consisting of restaurants, sports bar, package liquor stores and combination restaurants/package liquor stores that we either own or have operational control over and partial ownership in; and (ii) franchises an additional five units, consisting of two restaurants (one of which we operate) and three combination restaurants/package liquor stores.

Franchised Units. In exchange for our providing management and related services to our franchisees and granting them the right to use our service marks "Flanigan's Seafood Bar and Grill" and "Big Daddy's Liquors", our franchisees (four of which are franchised to members of the family of our Chairman of the Board, officers and/or directors), are required to (i) pay to us a royalty equal to 1% of gross package liquor sales and 3% of gross restaurant sales; and (ii) make advertising expenditures equal to between 1.5% to 3% of all gross sales based upon our actual advertising costs allocated between stores, pro-rata, based upon gross sales.

Affiliated Limited Partnership Owned Units. We manage and control the operations of ten of the eleven restaurants owned by limited partnerships, except the Fort Lauderdale, Florida restaurant which is managed and controlled by a related franchisee. Accordingly, the results of operations of all limited partnership owned restaurants, except the Fort Lauderdale, Florida restaurant are consolidated with our results of operations for accounting purposes. The results of operations of the Fort Lauderdale, Florida restaurant are accounted for by us utilizing the equity method.

RESULTS OF OPERATIONS

REVENUES (in thousands):

	-----For the Fiscal Year Ended-----			
	September 28, 2024		September 30, 2023	
	Amount	Percent	Amount	Percent
	(In thousands)		(In thousands)	
Restaurant food sales	\$ 114,795	61.95	\$ 107,238	62.56
Restaurant bar sales	30,010	16.20	29,000	16.92
Package store sales	40,497	21.85	35,187	20.52
Total Sales	\$ 185,302	100.00	\$ 171,425	100.00
Franchise related revenues	1,693		1,857	
Rental income	1,105		951	
Other revenues	221		163	
Total Revenue	\$ 188,321		\$ 174,396	

Comparison of Fiscal Years Ended September 28, 2024 and September 30, 2023

Revenues. Total revenue for our fiscal year 2024 increased \$13,925,000 or 7.98% to \$188,321,000 from \$174,396,000 for our fiscal year 2023 due primarily to increased package liquor store and restaurant sales, increased menu prices, revenue generated from the opening of our corporate owned restaurant in Hollywood, Florida (Store #19R) in March 2024, the operation of our limited partnership owned restaurant in Miramar, Florida (Store #25) and our package liquor stores in Miramar, Florida (Store #24) and Hollywood, Florida (Store #19P) for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023. Effective August 25, 2024, we increased menu prices for our bar offerings to target an increase to our bar revenues of approximately 5.63% annually to offset higher food and liquor costs. Effective March 26, 2023 we increased menu prices for our food offerings to target an increase to our food revenues of approximately 2.06% and effective March 20, 2023 we increased menu prices for our bar offerings to target an increase to our bar revenues of approximately 5.65% annually, to offset higher food costs and higher overall expenses (collectively the “Recent Price Increases”). Prior to these increases, we previously raised menu prices in the first quarter of our fiscal year 2022.

Restaurant Food Sales. Restaurant revenue generated from the sale of food, including non-alcoholic beverages, at restaurants totaled \$114,795,000 for our fiscal year 2024 as compared to \$107,238,000 for our fiscal year 2023. The increase in restaurant food sales is attributable to the Recent Price Increases and food sales generated from the opening of corporate owned restaurant in Hollywood, Florida (Store #19R) during the second quarter of our fiscal year 2024 and the operation of our limited partnership owned restaurant in Miramar, Florida (Store #25) for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023. Comparable weekly restaurant food sales for restaurants open for all of our fiscal years 2024 and 2023, which consists of ten restaurants owned by us (excluding our Hollywood, Florida location (Store #19R) which opened for business during the second quarter of our fiscal year 2024) and nine restaurants owned by affiliated limited partnerships, (excluding our Miramar, Florida location (Store #25) which opened for business during the third quarter of our fiscal year 2023) was \$1,987,000 and \$1,967,000 for our fiscal years 2024 and 2023 respectively, an increase of 1.02%. Comparable weekly restaurant food sales for Company-owned restaurants only (excluding our Hollywood, Florida location (Store #19R) which opened for business during the second quarter of our fiscal year 2024) was \$938,000 and \$923,000 for our fiscal years 2024 and 2023, respectively, an increase of 1.63%. Comparable weekly restaurant food sales for affiliated limited partnership owned restaurants only, (excluding our Miramar, Florida location (Store #25) which opened for business during the third quarter of our fiscal year 2023), was \$1,049,000 and \$1,044,000 for our fiscal years 2024 and 2023 respectively, an increase of 0.48%. We expect that restaurant food sales, including non-alcoholic beverages, for our fiscal year 2025 will increase due to increased restaurant traffic and the operation of our Company-owned Store #19R for our entire fiscal year 2025.

Restaurant Bar Sales. Restaurant revenue generated from the sale of alcoholic beverages at restaurants totaled \$30,010,000 for our fiscal year 2024 as compared to \$29,000,000 for our fiscal year 2023. The increase in restaurant bar sales is attributable to the Recent Price Increases and food sales generated from the opening of corporate owned restaurant in Hollywood, Florida (Store #19R) during the second quarter of our fiscal year 2024 and the operation of our limited partnership owned restaurant in Miramar, Florida (Store #25) for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023. Comparable weekly restaurant bar sales for restaurants open for all of our fiscal years 2024 and 2023 respectively, which consists of ten restaurants owned by us (excluding our Hollywood, Florida location (Store #19R) which opened for business during the second quarter of our fiscal year 2024) and nine restaurants owned by affiliated limited partnerships, (excluding our Miramar, Florida location (Store #25), which opened for business during the third quarter of our fiscal year 2023) was \$526,000 for our fiscal year 2024 and \$539,000 for our fiscal year 2023, a decrease of 2.41%. Comparable weekly restaurant bar sales for Company-owned restaurants only (excluding our Hollywood, Florida location (Store #19R) which opened for business during the second quarter of our fiscal year 2024) was \$234,000 and \$231,000 for our fiscal years 2024 and 2023 respectively, an increase of 1.30%. Comparable weekly restaurant bar sales for affiliated limited partnership owned restaurants only (excluding our Miramar, Florida location (Store #25) which opened for business during the third quarter of our fiscal year 2023) was \$292,000 and \$307,000 for our fiscal years 2024 and 2023 respectively, a decrease of 4.89%. We expect that restaurant bar sales for our fiscal year 2025 will increase due to the operation of our Company-owned Store #19R for our entire fiscal year 2025.

Package Liquor Store Sales. Revenue generated from sales of liquor and related items at package liquor stores totaled \$40,497,000 for our fiscal year 2024 as compared to \$35,187,000 for our fiscal year 2023, an increase of \$5,310,000. This increase was primarily due to increased package liquor store traffic and the package liquor sales generated from the operation of our package liquor stores in Hollywood, Florida (Store #19P) and Miramar, Florida (Store #24), for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023. The weekly average of same store package liquor store sales, which includes nine (9) Company-owned package liquor stores, (excluding Store #19P which reopened during the first quarter of fiscal year 2023, and Store #24 which opened for business during the second quarter of our fiscal year 2023), was \$674,000 and \$631,000 for our fiscal years 2024 and 2023 respectively, an increase of 6.81%. We expect that package liquor store sales for our fiscal year 2025 will increase due to increased package liquor store traffic.

Costs and Expenses. Costs and expenses (consisting of cost of merchandise sold, payroll and related costs, operating expenses, occupancy costs, selling, general and administrative expenses and depreciation and amortization), for our fiscal year 2024 increased \$14,553,000 or 8.70% to \$181,925,000 from \$167,372,000 for our fiscal year 2023. The increase was primarily due to increased payroll, increased consultant fees to improve our accounting process, an expected general increase in food costs, costs and expenses incurred from the opening of our Company-owned restaurant in Hollywood Florida (Store #19R) in March 2024, the operation of our limited partnership owned restaurant in Miramar, Florida (Store #25), and our package liquor stores in Miramar, Florida (Store #24) and Hollywood, Florida (Store #19P), for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023, partially offset by actions taken by management to reduce and/or control costs. We anticipate that our operating costs and expenses will continue to increase through our fiscal year 2025. Operating costs and expenses increased as a percentage of total revenue to approximately 96.60% in our fiscal year 2024 from 95.97% in our fiscal year 2023.

Gross Profit. Gross profit is calculated by subtracting the cost of merchandise sold from sales.

Restaurant Food and Bar Sales. Gross profit for food and bar sales for our fiscal year 2024 increased to \$94,943,000 from \$90,750,000 for our fiscal year 2023. Gross profit margin for the restaurant food and bar sales decreased during our fiscal year 2024 when compared to our fiscal year 2023 due to higher food costs partially offset by, among other things, the Recent Price Increases. Our gross profit margin for restaurant food and bar sales (calculated as gross profit reflected as a percentage of restaurant food and bar sales), was 65.57% for our fiscal year 2024 and 66.61% for our fiscal year 2023.

Package Store Sales. Gross profit for package store sales for our fiscal year 2024 increased to \$10,369,000 from \$9,377,000 for our fiscal year 2023. Our gross profit margin, (calculated as gross profit reflected as a percentage of package liquor store sales), for package store sales was 25.60% for our fiscal year 2024 and 26.65% for our fiscal year 2023. We anticipate that the gross profit margin for package liquor store merchandise will decrease for our fiscal year 2025 due to higher costs and a reduction in pricing of certain package store merchandise to be more competitive.

Payroll and Related Costs. Payroll and related costs for our fiscal year 2024 increased \$2,742,000 or 4.84% to \$59,349,000 from \$56,607,000 for our fiscal year 2023. Payroll and related costs for our fiscal year 2024 were higher due primarily to the opening of our corporate owned restaurant in Hollywood, Florida (Store #19R) in March 2024, the operation of our limited partnership owned restaurant in Miramar, Florida (Store #25) and our package liquor stores in Miramar, Florida (Store #24) and Hollywood, Florida (Store #19P) for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023 and the increase to the Florida minimum wage. Payroll and related costs as a percentage of total revenue was 31.51% for our fiscal year 2024 and 32.46% of total revenue for our fiscal year 2023.

Operating Expenses. Operating expenses (including but not limited to utilities, insurance, cleaning, credit card fees, supplies, security, and other costs closely related to running restaurant and package operations) for our fiscal year 2024 increased \$1,234,000 or 5.22% to \$24,892,000 from \$23,658,000 for our fiscal year 2023 due primarily to the opening of our corporate owned restaurant in Hollywood, Florida (Store #19R) in March 2024, the operation of our limited partnership owned restaurant in Miramar, Florida (Store #25) and our package liquor stores in Miramar, Florida (Store #24) and Hollywood, Florida (Store #19P) for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023, inflation and otherwise due to increases in expenses across all categories.

Occupancy Costs. Occupancy costs (consisting of percentage rent, common area maintenance, repairs, real property taxes, amortization of leasehold purchases and rent expense associated with operating lease liabilities under ASC 842) for our fiscal year 2024 increased \$520,000 or 6.87% to \$8,086,000 from \$7,566,000 for our fiscal year 2023. The increase in occupancy costs was primarily due to an increase in real property taxes.

Selling, General and Administrative Expenses. Selling, general and administrative expenses (consisting of general corporate expenses, including but not limited to advertising, professional costs, clerical and administrative overhead) for our fiscal year 2024 increased \$658,000 or 14.05% to \$5,340,000 from \$4,682,000 for our fiscal year 2023 due primarily to increased consultant fees to improve our accounting process and otherwise to increases in expenses across all categories. Selling, general and administrative expenses increased as a percentage of total revenue for our fiscal year 2024 to 2.84% as compared to 2.68% for our fiscal year 2023.

Depreciation and Amortization. Depreciation and amortization expense for our fiscal year 2024 increased \$707,000 or 19.85% to \$4,268,000 from \$3,561,000 for our fiscal year 2023. This increase is driven by the opening of our corporate owned restaurant in Hollywood, Florida (Store #19R) in March 2024, the operation of our limited partnership owned restaurant in Miramar, Florida (Store #25) and our package liquor stores in Miramar, Florida (Store #24) and Hollywood, Florida (Store #19P) for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023. Depreciation and amortization expense increased as a percentage of total revenue for our fiscal year 2024 to 2.27% as compared to 2.04% for our fiscal year 2023.

Interest Expense, Net. Interest expense, net, for our fiscal year 2024 decreased \$48,000 to \$1,019,000 from \$1,067,000 for our fiscal year 2023.

Income Taxes. Income tax for our fiscal year 2024 was an expense of \$286,000, as compared to an expense of \$649,000 for our fiscal year 2023. Income taxes as a percentage of income before provision for our fiscal year 2024 is 5.12% as compared to 10.70% in our fiscal year 2023.

Net Income. Net income for our fiscal year 2024 decreased \$116,000 or 2.14% to \$5,300,000 from \$5,416,000 for our fiscal year 2023 due primarily to higher food costs and overall increased expenses, including but not limited to, increased consultant fees to improve our accounting process. As a percentage of total revenue, net income for our fiscal year 2024 is 2.81%, as compared to 3.11% for our fiscal year 2023.

Net Income Attributable to Flanigan’s Enterprise, Inc.’s Stockholders. Net income attributable to stockholders for our fiscal year 2024 decreased \$643,000 or 16.08% to \$3,356,000 from \$3,999,000 for our fiscal year 2023 due primarily to higher food costs and overall increased expenses, including but not limited to, increased consultant fees to improve our accounting process and a higher portion of our net income attributable to noncontrolling interests (specifically the operation of our Miramar location for our entire fiscal year 2024 as opposed to a part of our fiscal year 2023). As a percentage of revenue, net income attributable to stockholders for our fiscal year 2024 is 1.78%, as compared to 2.29% for our fiscal year 2023.

New Limited Partnership Restaurants

As new limited partnership restaurants open, our income from operations will be adversely affected due to our obligation to advance pre-opening costs, including but not limited to pre-opening rent for the new limited partnership locations. During our fiscal year 2024 we did not open any new limited partnership restaurants, nor did we have any in the development stage. During our fiscal year 2023, we opened one new limited partnership restaurant location in Miramar, Florida as a “Flanigan’s”.

Menu Price Increases

During our fiscal year 2024, we increased menu prices for our bar offerings (effective August 25, 2024) to target an increase to our bar revenues of approximately 5.63% annually to offset higher food and liquor costs and higher overall expenses. During our fiscal year 2023, we increased menu prices for our food offerings (effective March 26, 2023) to target an aggregate increase to our food revenues of approximately 2.06% annually and we increased menu prices for our bar offerings (effective March 20, 2023) to target an increase to our bar revenues of approximately 5.65% annually to offset higher food and liquor costs and higher overall expenses. Prior to these increases, we previously raised menu prices in the first quarter of our fiscal year 2022. Subsequent to the end of our fiscal year 2024, we increased our menu prices for our bar offerings (effective December 4, 2024) to target an increase to our bar revenues of approximately 4.90% annually and we increased our menu prices for our food offerings (effective November 17, 2024) to target an increase to our food revenues of approximately 4.14% annually to offset higher food and liquor costs and higher overall expenses.

LIQUIDITY AND CAPITAL RESOURCES

We fund our operations through cash from operations and borrowings from third parties. As of September 28, 2024, we had cash and cash equivalents of approximately \$21,402,000, a decrease of \$4,130,000 from our cash balance of \$25,532,000 as of September 30, 2023. The decrease is primarily due to the completion of the construction of our Store #19R (\$2,106,000).

Inflation is affecting all aspects of our operations, including but not limited to food, beverage, fuel and labor costs. Inflation is having a material impact on our operating results.

We believe that our current cash availability from our cash on hand, positive cash flow from operations and borrowed funds will be sufficient to fund our operations and planned capital expenditures for at least the next twelve months.

CASH FLOWS

The following table is a summary of our cash flows for our fiscal years 2024 and 2023.

	-----Fiscal Years-----	
	2024	2023
	(in thousands)	
Net cash provided by operating activities	\$ 6,630	\$ 8,489
Net cash used in investing activities	(5,141)	(18,559)
Net cash used in financing activities	(5,619)	(6,536)
Net (Decrease) Increase in Cash and Cash Equivalents	(4,130)	(16,606)
Cash and Cash Equivalents, Beginning	25,532	42,138
Cash and Cash Equivalents, Ending	\$ 21,402	\$ 25,532

Capital Expenditures

In addition to using cash for our operating expenses, we use cash generated from operations and borrowings to fund the development and construction of new restaurants and to fund capitalized property improvements for our existing restaurants. During the fiscal year 2024, we acquired property and equipment and construction in progress of \$6,047,000, (of which \$289,000 was purchase deposits transferred to property and equipment, \$715,000 was purchase deposits transferred to CIP, and \$4,000 was property and equipment in accounts payable), including \$528,000 for renovations to three (3) Company-owned restaurants and \$135,000 for one (1) limited partnership owned restaurant. During the fiscal year 2023, we acquired property and equipment and construction in progress of \$20,574,000, (including non-cash items which include \$2,390,000 of purchase deposits transferred to property and equipment and \$545,000 of purchase deposits transferred to construction in progress and \$931,000 of construction in progress in accounts payable) including \$367,000 for renovations to three (3) existing limited partnership owned restaurants and \$378,000 for renovations to three (3) Company-owned restaurants.

Debt

As of September 28, 2024, we had long term debt (including the current portion) of \$21,912,000, as compared to \$23,128,000 as of September 30, 2023.

In February 2023, we determined that as of December 31, 2022, we did not meet the required Post-Distribution Basic Fixed Charge Coverage Ratio (the "Post-Distribution/Fixed Charge Covenant") contained in each of our six (6) loans (the "Institutional Loans") with our unrelated third party institutional lender (the "Institutional Lender"). On February 23, 2023, we received from the Institutional Lender, a written waiver of the non-compliance with the Post-Distribution/Fixed Charge Covenant (the "Covenant Non-Compliance"), pursuant to which, among other things, the Institutional Lender waived (1) the non-compliance as of December 31, 2022 and (2) their right to exercise certain remedies under the Institutional Loans, including the right to accelerate the indebtedness owed by us thereunder, resulting in the indebtedness under the Institutional Loans to be immediately due and payable, which would have had a material adverse effect on the Company. The Post-Distribution/Fixed Charge Covenant requires we maintain a ratio of at least 1.15 to 1.00 and for the twelve (12) months ended September 28, 2024 our ratio was calculated to be 1.62 to 1.00. As a result, our classification of debt is appropriate as of September 28, 2024.

We repaid long term debt, including auto loans and mortgages in the amount of \$1,251,000 and \$2,299,000 in our fiscal years 2024 and 2023, respectively.

Construction Contracts

(a) 2505 N. University Drive, Hollywood, Florida (Store #19 – "Flanigan's")

During the first quarter of our fiscal year 2022, we entered into an agreement with a third party unaffiliated general contractor to re-build our restaurant located at 2505 N. University Drive, Building B, Hollywood, Florida (Store #19R), which had been closed since October 2, 2018 due to damage caused by a fire and re-opened March 26, 2024. The contract totaled \$2,515,000 and through our fiscal year 2024 we agreed to change orders increasing the total contract price by \$1,512,000 to \$4,027,000, of which \$3,905,000 has been paid through September 28, 2024. Subsequent to the end of our fiscal year 2024, we agreed to final change orders increasing the total contract price by \$3,000 to \$4,030,000 and the balance of the contract price of \$125,000 has been paid subsequent to the end of our fiscal year 2024.

Purchase Commitments/Supply

In order to fix the cost and ensure adequate supply of baby back ribs for our restaurants for calendar year 2025, we entered into a purchase agreement with a new rib supplier, whereby we agreed to purchase approximately \$7.8 million of "2.5 & Down Baby Back Ribs" (weight range in which baby back ribs are sold) during calendar year 2025, at a prescribed cost, which we believe is competitive. For calendar year 2024, we entered into a purchase agreement with our current rib supplier, whereby we agreed to purchase approximately \$7.0 million of "2.25 & Down Baby Back Ribs" during calendar year 2024, at a prescribed cost, which we also believe is competitive. The increase in our cost of baby back ribs for calendar year 2025 compared to calendar year 2024 is due to our purchase of larger sized baby back ribs and the purchase of baby back ribs for Store #19R, Hollywood, Florida for the entire calendar year, offset by a decrease in market price.

While we anticipate purchasing all of our rib supply from this vendor, we believe there are several other alternative vendors available, if needed.

Flanigan’s Fish Company, LLC

As of September 28, 2024, Flanigan’s Fish Company, LLC, a Florida limited liability company (“FFC”), supplies certain fish to all of our restaurants. Since we hold the controlling interest in FFC, the balance sheet and operating results of this entity are consolidated into the accompanying consolidated financial statements of the Company. Sales and purchases of fish are recognized in restaurant food sales and restaurant (cost of merchandise sold), respectively, in the consolidated statements of income at the time of sale to the restaurant. In addition, the 49% of FFC owned by the unrelated third party is recognized as a noncontrolling interest in our consolidated financial statements.

Working Capital

The table below summarizes the current assets, current liabilities, and working capital as of the end of our fiscal years 2024 and 2023.

Item	<u>September 28, 2024</u>	<u>September 30, 2023</u>
	(in Thousands)	
Current Assets	\$ 31,529	\$ 35,294
Current Liabilities	19,924	22,371
Working Capital	<u>\$ 11,605</u>	<u>\$ 12,923</u>

While there can be no assurance due to, among other things, unanticipated expenses or unanticipated decline in revenues, or both, we believe that our cash on hand and positive cash flow from operations will adequately fund operations, debt reductions and planned capital expenditures throughout our fiscal year 2025.

Off-Balance Sheet Arrangements

We do not have off-balance sheet arrangements.

Recently Adopted and Recently Issued Accounting Pronouncements

Adopted

The FASB issued guidance, Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which provides a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This guidance was effective for the Company in the first quarter of our fiscal year 2024; however, after performing a thorough analysis the Company concluded there was no material impact from the adoption of this ASU.

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. We early adopted this ASU in the third quarter of our fiscal year 2024 and this ASU affected the expense presentation of our Consolidated Statements of Income and our Business Segments footnote. For further information regarding the Company’s Business Segments, please refer to our Consolidated Statements of Income and Business Segments footnote.

Recently Issued

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. This ASU will be effective for the Company in our fiscal year 2026, with the guidance applied either prospectively or retrospectively. Early adoption is permitted. We are currently evaluating the impact the adoption of the new accounting guidance will have on our tax disclosures.

There are no other recently issued accounting pronouncements that we have not yet adopted that we believe will have a material effect on our financial statements.

Critical Accounting Policies

Our significant accounting policies are more fully described in Note 1 to our consolidated financial statements located in Item 8 of this Annual Report on Form 10-K. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the related disclosures of contingent assets and liabilities. Actual results could differ from those estimates under different assumptions or conditions. We believe that the following critical accounting policies are subject to estimates and judgments used in the preparation of our consolidated financial statements:

Estimated Useful Lives of Property and Equipment

The estimates of useful lives for property and equipment are significant estimates. Expenditures for the leasehold improvements and equipment when a restaurant is first constructed are material. In addition, periodic refurbishing takes place and those expenditures can be material. We estimate the useful life of those assets by considering, among other things, expected use, life of the lease on the building, and warranty period, if applicable. The assets are then depreciated using a straight-line method over those estimated lives. These estimated lives are reviewed periodically and adjusted if necessary. Any necessary adjustment to depreciation expense is made in the income statement of the period in which the adjustment is determined to be necessary.

Consolidation of Limited Partnerships

As of September 28, 2024, we operate ten (10) restaurants as general partner of the limited partnerships that own the operations of these restaurants. We expect that any expansion which takes place in opening new restaurants will also result in us operating the restaurants as general partner. In addition to the general partnership interest we also purchased limited partnership units ranging from 0% to 49% of the total units outstanding. As a result of these controlling interests, we consolidate the operations of these limited partnerships with ours despite the fact that we do not own in excess of 50% of the equity interests. All intercompany transactions are eliminated in consolidation. The non-controlling interests in the earnings of these limited partnerships are removed from net income and are not included in the calculation of earnings per share.

Income Taxes

We account for our income taxes using FASB ASC Topic 740, “*Income Taxes*”, which requires among other things, recognition of future tax benefits measured at enacted rates attributable to deductible temporary differences between financial statement and income tax basis of assets and liabilities and tax credits to the extent that realization of said tax benefits is more likely than not. For discussion regarding our carryforwards refer to Note 10 to the consolidated financial statements for our fiscal year 2024.

Leases

Under Accounting Standards Codification Topic 842, Leases (“ASC 842”), lease arrangements must be presented on the lessee’s balance sheet by recording a right-of-use asset and a lease liability equal to the present value of the related future minimum lease payments. We adopted the standard in the first quarter of our fiscal 2020, using the modified retrospective approach. Estimates associated with leases include lease classification, discount rate and lease term.

Loyalty Programs

We offer loyalty programs to customers of our restaurants and package liquor stores. The gift cards distributed as a part of our loyalty programs have expiration dates and we estimate breakage for such gift cards.

Other Matters

Impact of Inflation

The primary inflationary factors affecting our operations are food, beverage and labor costs. A large number of restaurant personnel are paid at rates based upon applicable minimum wage and increases in minimum wage directly affect labor costs. Inflation is having a material impact on our operating results, especially rising food, fuel and labor costs.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As part of our ongoing operations, we are exposed to interest rate fluctuations on our borrowings. As described in Note 13 “Fair Value Measurements of Financial Instruments” to the Consolidated Financial Statements included in “Item 8. Financial Statements and Supplementary Data” of this Annual Report on Form 10-K for our fiscal year ended September 28, 2024, we use interest rate swap agreements to manage these risks. These instruments are not used for speculative purposes but are used to modify variable rate obligations into fixed rate obligations.

At the end of our fiscal year 2024, we had approximately \$1,449,000 in 90-day certificates of deposit, government guaranteed and at fixed annual interest rates between 4.65%-5.45%. Otherwise, as of September 28, 2024, our cash resources offset our bank charges and any excess cash resources earn interest at variable rates. Accordingly, our return on these funds is affected by fluctuations in interest rates.

There is no assurance that interest rates will increase or decrease over our next fiscal year or that an increase will not have a material adverse effect on our operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our Consolidated Financial Statements are on pages F-1 through F-30.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURES.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed with the U.S. Securities and Exchange Commission (the "SEC") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of September 28, 2024, an evaluation was performed under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) to the Securities Exchange Act of 1934). Based on that evaluation, management, including our Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were not effective as of September 28, 2024.

Remediation of Material Weakness in Internal Control Over Financial Reporting

During the course of our independent registered public accounting firm performing its quarterly review procedures in connection with our unaudited condensed consolidated financial statements to be included in our Form 10-Q for the first quarter of our 2023 fiscal year, we became aware of certain errors made by management in recording certain transactions and in performing debt covenant calculations, which constituted material weaknesses in our internal controls. As a result of this finding, during the second quarter of our fiscal year 2023, we began the process of addressing these material weaknesses by bolstering our internal controls over the review of certain financial transactions and their impact on our interim and annual financial statements, as well as our review of the debt covenant calculations. During the second quarter of our fiscal year 2024 the additional controls had been implemented and evaluated by management and determined to be operating effectively and as a result of our findings, as of the end of the second quarter of our fiscal year 2024, we have concluded that our previously listed material weaknesses had been remediated.

Material Weaknesses in Internal Control Over Financial Reporting

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our interim or annual financial statements will not be prevented or detected on a timely basis.

Information technology general controls (ITGCs) were not designed and implemented effectively to ensure (i) that access to applications and data, and the ability to make program and database changes, were adequately restricted to appropriate personnel and (ii) that database changes were logged completely and accurately. Business process controls (automated and manual) that are dependent on the affected ITGCs were also deemed ineffective because they could have been adversely impacted.

The material weaknesses identified above did not result in any material misstatements in our financial statements or disclosures, and there were no changes to previously released financial results. However, as a result of this finding, during the first quarter of our fiscal year 2025, we began the process of addressing these material weaknesses to our ITGCs.

Changes in Internal Control Over Financial Reporting

Apart from the changes discussed above we have not made any additional changes to our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Management's Assessment on Internal Control over Financial Reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Management, including our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the Company's internal control over financial reporting. This evaluation was based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013 ("COSO"). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that as of September 28, 2024, our internal control over financial reporting was not effective.

Limitations on the Effectiveness of Controls and Permitted Omission from Management's Assessment

Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even effective internal controls can only provide reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our independent registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

ITEM 9B. OTHER INFORMATION.

During the three months ended September 28, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," each as defined in Item 408(a) of Regulation S-K under the Exchange Act.

A copy of our insider trading policy and related Rule 10b5-1 trading plan policy has been filed as Exhibit 19.1 to this Annual Report.

ITEM 9C DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not Applicable.

PART III

The information required by Item 10 (Directors, Executive Officers and Corporate Governance), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters), Item 13 (Certain Relationships and Related Transactions, and Director Independence), and Item 14 (Principal Accountant Fees and Services) is incorporated by reference to our Proxy Statement for our 2025 Annual Meeting of Shareholders, which will be filed with the Securities and Exchange Commission no later than 120 days from the end of our 2024 fiscal year. The information under the heading "Executive Officers" in Part I of this Form 10-K is also incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) Financial Statements

See Part II, Item 8, "Financial Statements and Supplementary Data" for Financial Statements included with this Annual Report on Form 10-K.

(a)(2) Financial Statement Schedules

All other schedules have been omitted because the required information is not applicable or the information is included in the consolidated financial statements or the Notes thereto.

(a)(3) Exhibits

The exhibits listed on the accompanying Index to Exhibits are filed as part of this Annual Report.

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
2	Plan of Reorganization, Amended Disclosure Statement, Amended Plan of Reorganization, Modification of Amended Plan of Reorganization, Second Modification of Amended Plan of Reorganization, Order Confirming Plan of Reorganization	SB-2	5/5/1987	2	
3	Restated Articles of Incorporation, adopted January 9, 1984	10-K	12/29/1982	3	
10(a)(1)	Employment Agreement with Joseph G. Flanigan*	DEF14A	1/27/1988	10(a)(1)	
10(a)(2)	Form of Employment Agreement between Joseph G. Flanigan and the Company (as ratified and amended by the stockholders at the 1988 annual meeting is incorporated herein by reference).*	10-K		10(a)(1)	
10(c)	Consent Agreement regarding the Company's Trademark Litigation	8-K	4/10/1985	10(c)	
10(d)	King of Prussia(#850)Partnership Agreement*	8-K	4/10/1985	10(d)	
10(o)	Management Agreement for Atlanta, Georgia, (#600)*	10-K	10/3/1992	10(o)	
10(p)	Settlement Agreement with Former Vice Chairman of the Board of Directors (re #5)	10-K	10/3/1992	10(p)	
10(q)	Hardware Purchase Agreement and Software License Agreement for restaurant point of sale system.	10-KSB	10/2/1993	10(q)	
10(a)(3)	Key Employee Incentive Stock Option Plan	DEF14A	1/26/1994	10(a)(3)	
10(r)	<u>Limited Partnership Agreement of CIC Investors #13, Ltd., between Flanigan's Enterprises, Inc., as General Partner and fifty percent owner of the limited partnership, and Hotel Properties, LTD. *</u>	10-KSB	9/30/1995	10(r)	

10(s)	<u>Form of Franchise Agreement between Flanigan's Enterprises, Inc. and Franchisees.</u> *	10-KSB	9/30/1995	10(s)
10(t)	<u>Licensing Agreement between Flanigan's Enterprises, Inc. and James B. Flanigan, dated November 4, 1996, for non-exclusive use of the service mark "Flanigan's" in the Commonwealth of Pennsylvania.</u> *	10-KSB	9/28/1996	10(t)
10(u)	<u>Limited Partnership Agreement of CIC Investors #15 Ltd., dated March 28, 1997, between B.D. 15 Corp. as General Partner and numerous limited partners, including Flanigan's Enterprises, Inc. as a limited partner owning twenty five percent of the limited partnership.</u> *	10-KSB	9/27/1997	10(u)
10(v)	<u>Limited Partnership Agreement of CIC Investors #60 Ltd., dated July 8, 1997, between Flanigan's Enterprises, Inc., as General Partner and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning forty percent of the limited partnership.</u> *	10-KSB	9/27/1997	10(v)
10(w)	<u>Stipulated Agreed Order of Dismissal upon Mediation with former franchisee.</u>	10-KSB	9/27/1997	10(w)
10(x)	<u>Limited Partnership Agreement of CIC Investors #70, Ltd. dated February 1999 between Flanigan's Enterprises, Inc. as General Partner and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning forty percent of the limited partnership.</u> *	10-KSB	10/02/1999	10(x)
10(y)	<u>Limited Partnership Agreement of CIC Investors #80, Ltd., dated May 2001, between Flanigan's Enterprises, Inc. as General Partner and numerous limited partners, including Flanigan's Enterprises, Inc., as limited partner owning twenty five percent of the limited partnership.</u> *	10-KSB	9/29/2001	10(y)
10(z)	<u>Limited Partnership Agreement of CIC Investors #95, Ltd., dated July 2001, between Flanigan's Enterprises, Inc., as General Partner and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning twenty eight percent of the limited partnership.</u> *	10-KSB	9/29/2001	10(z)
10(bb)	Limited Partnership Agreement of CIC Investors #65, Ltd., dated June 24, 2004, between Flanigan's Enterprises, Inc., as General Partner, and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning twenty six percent of the limited partnership. *	10-K	10/2/2004	10(bb)

10(cc)	<u>Amended and Restated Limited Partnership Certificate and Agreement of CIC Investors #13, Ltd., dated March 1, 2006, between Flanigan's Enterprises, Inc., as General Partner, Flanigan's Management Services, Inc. and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning thirty nine percent of the limited partnership. *</u>	10-K	9/30/2006	10(cc)	
10(dd)	<u>Limited Partnership Agreement of CIC Investors #50, Ltd., dated October 17, 2006, between Flanigan's Enterprises, Inc., as General Partner, Flanigan's Management Services, Inc. and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning sixteen percent of the limited partnership. *</u>	10-K	9/29/2007	10(dd)	
10(ee)	<u>Limited Partnership Agreement of CIC Investors #55, Ltd., dated December 12, 2006, between Flanigan's Enterprises, Inc., as General Partner, Flanigan's Management Services, Inc. and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning forty eight percent of the limited partnership. *</u>	10-K	9/29/2007	10(ee)	
10(ff)	<u>Limited Partnership Agreement of CIC Investors #90, Ltd., dated January 18, 2012, between Flanigan's Enterprises, Inc., as General Partner, Flanigan's Management Services, Inc. and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning five percent of the limited partnership. *</u>	10-K	9/29/2012	10(ff)	
10(gg)	<u>Limited Partnership Agreement of CIC Investors #85, Ltd., dated April 4, 2019, between Flanigan's Enterprises, Inc., as General Partner, Flanigan's Management Services, Inc. and numerous limited partners, including Flanigan's Enterprises, Inc. as limited partner owning seven percent of the limited partnership. *</u>	10-K	10/1/2022	10(gg)	
10(hh)	<u>Limited Partnership Agreement of CIC Investors #25, Ltd., dated September 21, 2021, between Flanigan's Enterprises, Inc., as General Partner, Flanigan's Management Services, Inc. and numerous limited partners, excluding Flanigan's Enterprises, Inc. *</u>	10-K	10/1/2022	10(hh)	
13	Registrant's Form 10-K constitutes the Annual Report to Shareholders for the fiscal year ended September 28, 2024.				X
19.1	<u>Insider Trading Policy and related Rule 10b5-1 Trading Plan Policy</u>				X
21(a)	Company's subsidiaries are set forth in this Annual Report on Form 10-K.				X

- | | | |
|------|--|---|
| 31.1 | <u>Certification Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended of Chief Executive Officer.</u> | X |
| 31.2 | <u>Certification Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as amended of Chief Financial Officer.</u> | X |
| 32.1 | <u>Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer.</u> | X |
| 32.2 | <u>Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer.</u> | X |
| 97.1 | <u>Incentive Compensation Clawback Policy</u> | X |

* Compensatory plan or arrangement.

List of XBRL documents as exhibits 101

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FLANIGAN'S ENTERPRISES, INC.

By: /s/ JAMES G. FLANIGAN II
 JAMES G. FLANIGAN II
 Chief Executive Officer
 Date: 12/27/2024

By: /s/ JEFFREY D. KASTNER
 JEFFREY D. KASTNER
 Chief Financial Officer and Secretary
 (Principal Financial and Accounting Officer)
 Date: 12/27/2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in their capacities and on the dates indicated.

<u>/s/ JAMES G. FLANIGAN II</u> James G. Flanigan II	Chairman of the Board, Chief Executive Officer, and Director	Date: 12/27/2024
<u>/s/ JEFFREY D. KASTNER</u> Jeffrey D. Kastner	Chief Financial Officer, Secretary and Director	Date: 12/27/2024
<u>/s/ AUGUST BUCCI</u> August Bucci	Chief Operating Officer and Director	Date: 12/27/2024
<u>/s/ MICHAEL B. FLANIGAN</u> Michael B. Flanigan	Director	Date: 12/27/2024
<u>/s/ PATRICK J. FLANIGAN</u> Patrick J. Flanigan	Director	Date: 12/27/2024
<u>/s/ CHRISTOPHER O'NEIL</u> Christopher O'Neil	Vice President of Package Operations and Director	Date: 12/27/2024
<u>/s/ MARY ELIZABETH BENNETT</u> Mary Elizabeth Bennett	Director	Date: 12/27/2024
<u>/s/ CHRISTOPHER J. NELMS</u> Christopher J. Nelms	Director	Date: 12/27/2024
<u>/s/ JOHN P. FOSTER</u> John P. Foster	Director	Date: 12/27/2024

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 28, 2024 AND SEPTEMBER 30, 2023

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Flanigan’s Enterprises, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Flanigan’s Enterprises, Inc. and subsidiaries (the “Company”) as of September 28, 2024 and September 30, 2023, the related consolidated statements of income, comprehensive income, stockholders’ equity and cash flows for each of the two years in the period ended September 28, 2024, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 28, 2024 and September 30, 2023, and the results of its operations and its cash flows for each of the two years in the period ended September 28, 2024, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ **Marcum LLP**

Marcum LLP

We have served as the Company’s auditor since 1999.

Fort Lauderdale, FL
December 27, 2024

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 28, 2024 AND SEPTEMBER 30, 2023

(in thousands, except share and per share amounts)

ASSETS	<u>2024</u>	<u>2023</u>
Current Assets:		
Cash and cash equivalents	\$ 21,402	\$ 25,532
Prepaid income taxes	170	219
Other receivables	1,063	834
Inventories	7,020	7,198
Prepaid expenses	1,874	1,511
Total current assets	<u>31,529</u>	<u>35,294</u>
Property and equipment, net	81,747	74,724
Construction in progress	—	5,416
	<u>81,747</u>	<u>80,140</u>
Right-of-use assets, operating leases	26,828	26,987
Investment in Limited Partnerships	274	252
Other Assets:		
Liquor licenses	1,268	1,268
Deposits on property and equipment	57	887
Leasehold interests, net	68	63
Other	311	878
Total other assets	<u>1,704</u>	<u>3,096</u>
Total assets	<u>\$ 142,082</u>	<u>\$ 145,769</u>

See notes to consolidated financial statements.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 28, 2024 AND SEPTEMBER 30, 2023

(in thousands, except share and per share amounts)

(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY	<u>2024</u>	<u>2023</u>
Current Liabilities:		
Accounts payable and accrued expenses	\$ 7,213	\$ 9,271
Accrued compensation	1,798	1,808
Due to franchisees	4,149	4,977
Current portion of long term debt	1,400	1,295
Operating lease liabilities, current	2,467	2,385
Deferred revenue	2,897	2,635
Total current liabilities	<u>19,924</u>	<u>22,371</u>
Long term debt, net of current portion	20,512	21,833
Operating lease liabilities, non-current	25,847	25,850
Deferred tax liabilities	389	801
Total liabilities	<u>66,672</u>	<u>70,855</u>
Commitments and Contingencies Note 12		
Stockholders' Equity:		
Flanigan's Enterprises, Inc.'s Stockholders' Equity		
Common stock, \$.10 par value, 5,000,000 shares authorized; 4,197,642 shares issued; 1,858,647 outstanding for the years ended 2024 and 2023	420	420
Capital in excess of par value	6,240	6,240
Retained earnings	60,674	58,247
Accumulated other comprehensive income	(41)	395
Treasury stock, at cost, 2,338,995 shares	(6,077)	(6,077)
Total Flanigan's Enterprises, Inc.'s Stockholders' Equity	<u>61,216</u>	<u>59,225</u>
Noncontrolling interests	14,194	15,689
Total stockholders' equity	<u>75,410</u>	<u>74,914</u>
Total liabilities and stockholders' equity	<u>\$ 142,082</u>	<u>\$ 145,769</u>

See notes to consolidated financial statements.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years Ended September 28, 2024 and September 30, 2023

(in thousands, except share and per share amounts)

	<u>2024</u>	<u>2023</u>
Revenues:		
Restaurant food sales	\$ 114,795	\$ 107,238
Restaurant bar sales	30,010	29,000
Package store sales	40,497	35,187
Franchise related revenues	1,693	1,857
Rental income	1,105	951
Other revenues	221	163
	<u>188,321</u>	<u>174,396</u>
Costs and Expenses:		
Cost of merchandise sold:		
Restaurant	49,862	45,488
Package goods	30,128	25,810
Payroll and related costs	59,349	56,607
Operating Expenses	24,892	23,658
Occupancy costs	8,086	7,566
Selling, general and administrative expenses	5,340	4,682
Depreciation and amortization	4,268	3,561
	<u>181,925</u>	<u>167,372</u>
Income from Operations	<u>6,396</u>	<u>7,024</u>
Other Income (Expense):		
Interest expense	(1,019)	(1,067)
Interest and other income	207	108
Gain on sale of property and equipment	2	—
	<u>(810)</u>	<u>(959)</u>
Income before Provision for Income Taxes	5,586	6,065
Provision for Income Taxes	<u>(286)</u>	<u>(649)</u>
Net Income	<u>5,300</u>	<u>5,416</u>
Less: Net Income Attributable to Noncontrolling Interests	(1,944)	(1,417)
Net Income Attributable to Flanigan's Enterprises Inc.'s Stockholders	<u>\$ 3,356</u>	<u>\$ 3,999</u>
Net Income Per Common Share:		
Basic and Diluted	<u>\$ 1.81</u>	<u>\$ 2.15</u>
Weighted Average Shares and Equivalent		
Shares Outstanding		
Basic and Diluted	<u>1,858,647</u>	<u>1,858,647</u>

See notes to consolidated financial statements.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended September 28, 2024 and September 30, 2023

(in thousands)

	2024	2023
Net income:	\$ 5,300	\$ 5,416
Other comprehensive income:		
Change in fair value of interest rate swap	(436)	395
Total Comprehensive Income	<u>4,864</u>	<u>5,811</u>

See notes to consolidated financial statements.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

YEARS ENDED SEPTEMBER 28, 2024 AND SEPTEMBER 30, 2023

(in thousands, except share amounts)

	Common Stock		Capital in Excess of Par Value	AOCI	Retained Earnings	Treasury Stock		Noncontrolling Interests	Total
	Shares	Amount				Shares	Amount		
Balance, September 30, 2023	4,197,642	\$ 420	\$ 6,240	\$ 395	\$ 58,247	2,338,995	\$ (6,077)	\$ 15,689	\$ 74,914
Net income	—	—	—	—	3,356	—	—	1,944	5,300
Other comprehensive loss	—	—	—	(436)	—	—	—	—	(436)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(3,439)	(3,439)
Dividends paid	—	—	—	—	(929)	—	—	—	(929)
Balance, September 28, 2024	<u>4,197,642</u>	<u>\$ 420</u>	<u>\$ 6,240</u>	<u>\$ (41)</u>	<u>\$ 60,674</u>	<u>2,338,995</u>	<u>\$ (6,077)</u>	<u>\$ 14,194</u>	<u>\$ 75,410</u>
	Common Stock		Capital in Excess of Par Value	AOCI	Retained Earnings	Treasury Stock		Noncontrolling Interests	Total
	Shares	Amount				Shares	Amount		
Balance, October 1, 2022	4,197,642	\$ 420	\$ 6,240	\$ —	\$ 55,086	2,338,995	\$ (6,077)	\$ 17,671	\$ 73,340
Net income	—	—	—	—	3,999	—	—	1,417	5,416
Other comprehensive income	—	—	—	395	—	—	—	—	395
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(3,399)	(3,399)
Dividends paid	—	—	—	—	(838)	—	—	—	(838)
Balance, September 30, 2023	<u>4,197,642</u>	<u>\$ 420</u>	<u>\$ 6,240</u>	<u>\$ 395</u>	<u>\$ 58,247</u>	<u>2,338,995</u>	<u>\$ (6,077)</u>	<u>\$ 15,689</u>	<u>\$ 74,914</u>

See notes to consolidated financial statements.

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 28, 2024 AND SEPTEMBER 30, 2023
(in thousands)

	2024	2023
Cash Flows from Operating Activities:		
Net income	\$ 5,300	\$ 5,416
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	4,268	3,561
Amortization of leasehold interests	26	23
Amortization of operating lease right-of-use assets	2,549	2,530
Gain on sale of property and equipment	(2)	—
Loss on abandonment of property and equipment	91	65
Gain on casualty loss	(30)	—
Amortization of deferred loan costs	35	38
Deferred income taxes	(265)	62
Loss from unconsolidated limited partnership	(42)	(9)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Other receivables	(199)	(378)
Prepaid income taxes	49	16
Inventories	178	(709)
Prepaid expenses	(363)	64
Other assets	(16)	(39)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,072)	(55)
Operating lease liabilities	(2,311)	(2,299)
Due to franchisees	(828)	197
Deferred revenue	262	6
Net cash and cash equivalents provided by operating activities	<u>6,630</u>	<u>8,489</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(3,445)	(13,177)
Purchase of construction in progress	(1,594)	(3,531)
Deposits on property and equipment	(174)	(1,962)
Purchase of leaseholds	(31)	—
Proceeds from sale of property and equipment	83	60
Distributions from unconsolidated limited partnership	20	51
Net cash and cash equivalents used in investing activities	<u>(5,141)</u>	<u>(18,559)</u>

FLANIGAN'S ENTERPRISES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 28, 2024 AND SEPTEMBER 30, 2023
(in thousands)

	2024	2023
Cash Flows from Financing Activities:		
Payments on long term debt	(1,251)	(2,299)
Dividends paid	(929)	(838)
Distributions to limited partnerships' noncontrolling interests	(3,439)	(3,399)
Net cash and cash equivalents used in financing activities	<u>(5,619)</u>	<u>(6,536)</u>
Net Decrease in Cash and Cash Equivalents	(4,130)	(16,606)
Cash and Cash Equivalents - Beginning of Period	25,532	42,138
Cash and Cash Equivalents - End of Period	<u>\$ 21,402</u>	<u>\$ 25,532</u>
Supplemental Disclosure for Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ 967	\$ 1,067
Income taxes	<u>\$ 501</u>	<u>\$ 571</u>
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
(Decrease) Increase in fair value of interest rate swap	\$ (583)	\$ 529
Purchase deposits capitalized to property and equipment	<u>\$ 289</u>	<u>\$ 2,390</u>
Purchase deposits transferred to construction in progress	<u>\$ 715</u>	<u>\$ 545</u>
Construction in progress transferred to property and equipment	<u>\$ 7,676</u>	<u>\$ 7,110</u>
Construction in progress in accounts payable and accrued expenses	<u>\$ 4</u>	<u>\$ 931</u>
Remeasurement of right-of-use operating lease	<u>\$ 2,390</u>	<u>\$ —</u>

See notes to consolidated financial statements.

FLANIGAN’S ENTERPRISES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 28, 2024 AND SEPTEMBER 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Capitalization

The Company was incorporated in 1959 and operates in South Florida as a chain of full-service restaurants and package liquor stores. Restaurant food and beverage sales make up the majority of our total revenue. As of September 28, 2024, we (i) operate 32 units consisting of restaurants, package liquor stores and combination restaurants/package liquor stores that we either own or have operational control over and partial ownership in; and (ii) franchise an additional five units, consisting of two restaurants, (one of which we operate) and three combination restaurants/package liquor stores. With the exception of one restaurant we operate under the name “The Whale’s Rib”, a restaurant in which we do not have an ownership interest, and “Brendan’s Sports Pub”, a restaurant/bar we own, all of the restaurants operate under our service marks “Flanigan’s Seafood Bar and Grill” or “Flanigan’s” and all of the package liquor stores operate under our service marks “Big Daddy’s Liquors” or “Big Daddy’s Wine & Liquors”.

The Company’s Articles of Incorporation, as amended, authorize us to issue and have outstanding at any one time 5,000,000 shares of common stock at a par value of \$0.10 per share.

We operate under a 52-53 week year ending the Saturday closest to September 30. Our fiscal years 2024 and 2023 are each comprised of a 52-week period.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and our subsidiaries, all of which are wholly owned, and the accounts of the ten limited partnerships in which we act as general partner and have controlling interests. All significant intercompany transactions and balances have been eliminated in consolidation.

Noncontrolling interests in consolidated subsidiaries are included in the consolidated balance sheets as a separate component of equity. We report consolidated net income inclusive of both the Company’s and the noncontrolling interests’ share, as well as amounts of consolidated net income (loss) attributable to each of the Company and the noncontrolling interests.

We use the consolidation method of accounting when we have a controlling interest in other companies and limited partnerships. We use the equity method of accounting when we have significant influence and an interest between twenty to fifty percent in other companies and limited partnerships, but do not exercise control. Under the equity method, our original investments are recorded at cost and are adjusted for our share of undistributed earnings or losses. All intercompany profits are eliminated.

Certain amounts in the prior year consolidated financial statements and related disclosures have been reclassified herein to conform to the presentation of the fiscal year ended September 28, 2024 consolidated financial statements and related disclosures for reporting, which did not have a material impact on our net income or total assets.

Use of Estimates

The consolidated financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States and SEC rules. We are required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the periods reported. These estimates include assessing the estimated useful lives of tangible assets, the recognition of deferred tax assets and liabilities and estimates relating to the calculation of incremental borrowing rates and length of leases associated with right-of-use assets and corresponding liabilities, and estimates relating to loyalty reward programs. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in our consolidated financial statements in the period they are determined to be necessary. Although these estimates are based on our knowledge of current events and actions we may undertake in the future, they may ultimately differ from actual results.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less at the date of purchase and receivables from our credit card merchants to be cash equivalents.

We maintain deposit balances with financial institutions, which balances may from time to time, exceed the federally insured limits which are \$250,000 for interest and non-interest bearing accounts. The deposit balances that exceed the federally insured limits are approximately \$14,479,000 as of September 28, 2024. We have not experienced any losses on such accounts.

Other Receivables

Our receivables consist primarily of rebates due to our restaurant or package stores.

Inventories

Our inventories, which consist primarily of package liquor products, are stated at the lower of weighted average cost or net realizable value. The movement of inventory approximates first in, first out (FIFO).

Liquor Licenses

In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 350, "*Intangibles - Goodwill and Other*", our liquor licenses are indefinite lived assets, which are not being amortized, but are tested annually for impairment (see Note 9).

Property and Equipment

Our property and equipment are stated at cost less accumulated depreciation and amortization. We capitalize expenditures for major improvements and depreciation commences when the assets are placed in service. We record depreciation on a straight-line basis over the estimated useful lives of the respective assets. We charge maintenance and repairs, which do not improve or extend the life of the respective assets, to expense as incurred. When we dispose of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Our estimated useful lives range from three to five years for vehicles and three to seven years for furniture and equipment. Leasehold improvements are currently being amortized over the shorter of the life of the lease or the life of the asset up to a maximum of 15 years. Our buildings of our corporate offices in Fort Lauderdale, Florida; our construction office/warehouse in Fort Lauderdale, Florida; our combination restaurant and package liquor stores in Hallandale, Florida and North Lauderdale, Florida; our restaurants in N. Miami and Fort Lauderdale, Florida; our property in Sunrise, Florida which we lease to a limited partnership (Store #85), our property in Fort Lauderdale, Florida which we lease to a franchisee (Store #15), our package stores in N. Miami, Florida and El Portal, Florida and our shopping centers in Miami, Florida and Hallandale Beach, Florida all of which we own, are being depreciated over forty years. Building improvements are being depreciated over 20 years.

Leasehold Interests

Our purchase of an existing restaurant location usually includes a lease to the business premises. As a result, a portion of the purchase price is allocated to the leasehold interest. We capitalize the cost of the leasehold interest and amortization commences upon our assumption of the lease. We amortize leasehold interests on a straight-line basis over the remaining term of the lease.

Concentrations of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk are cash and cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major Suppliers

Throughout our fiscal years 2024 and 2023, we purchased a significant portion of our food products from two major suppliers. The first major supplier represents 38% and 42% of our cost of goods sold and 31% and 29% of our accounts payable and accrued expenses as of September 28, 2024 and September 30, 2023, respectively. The second major supplier represents 11% and 6% of our cost of goods sold and 2% and 1% of our accounts payable and accrued expenses as of September 28, 2024 and September 30, 2023, respectively. We believe that several other alternative vendors are available, if necessary.

Throughout our fiscal years 2024 and 2023, we purchased the majority of our alcoholic beverages from three local distributors. One of these three local distributors represents 23% and 24% of our cost of goods sold for the years ended September 28, 2024 and September 30, 2023, respectively and 6% and 5% of our accounts payable and accrued expenses as of September 28, 2024 and September 30, 2023, respectively. Each distributor has exclusive rights from the manufacturers to sell specific brands in given areas, so unless the exclusive distribution rights are transferred to another vendor, there are no alternate distributors available.

Revenue Recognition

Revenue-related to food, bar and package sales are recorded at the point of sale. Royalty-related revenues, which are 1% of package sales and 3% of restaurant sales, are recorded as income on a weekly basis, in arrears. We report our revenues net of sales tax.

We sell gift cards which do not have expiration dates. Revenue from gift cards is recognized when gift cards are redeemed by the customer.

Our Big Daddy's Good Customer Loyalty Program awards customers with a \$20 Good Customer Gift Card, ("Gift Card") to be used at our Flanigan's Seafood Bar and Grill restaurants for every ten (10) purchases of at least \$25 made by such customer at our Big Daddy's Liquors package liquor stores. Pursuant to ASC 606, we recognize deferred revenue in the amount of the Gift Card upon the issuance of the Gift Card and reduce package liquor store revenue by a like amount. We recognize revenue when the Gift Card is redeemed in our restaurants or when it expires unused. Gift cards have various expiration dates based upon each program, while gift cards purchased for cash have no expiration dates.

Lunch Club Loyalty Program awards customers with a free lunch once they have earned a required number of points. Pursuant to ASC 606, we recognize deferred revenue in the amount of the free lunch and reduce restaurant store revenue by a like amount. We recognize revenue when the free lunch is redeemed in our restaurants or when it expires unused.

Holiday Promotional Card Program awards customers with a \$20 promotional gift card ("Promo Gift Card") when they spend \$100 in the restaurants on food/drink or purchase a \$100 gift card. This \$20 promotional card can only be redeemed within a three month window. Pursuant to ASC 606, we recognize deferred revenue in the amount of the Promo Gift Card upon issuance and reduce restaurant store revenue by a like amount. We recognize revenue when the Gift Card is redeemed in our restaurants or when it expires unused.

Pre-opening Costs

As new restaurants open, our income from operations will be adversely affected due to our obligation to fund pre-opening costs. Pre-opening costs are those typically associated with the opening of a new restaurant and generally include payroll costs associated with the new restaurant opening, rent and promotional costs. We expense pre-opening costs as incurred and during our fiscal year ended September 28, 2024 we expensed \$77,000 for our store #19R. During our fiscal year ended September 30, 2023 we expensed \$188,000 for CIC Investors #25, LTD (Store #25).

Advertising Costs

Our advertising costs are expensed as incurred. Advertising costs incurred during our fiscal years ended September 28, 2024 and September 30, 2023 were approximately \$223,000 and \$253,000, respectively.

General Liability Insurance

We have general liability insurance which incorporates a \$50,000 self-insured retention per occurrence for us and a \$10,000 self-insured retention per occurrence for the limited partnerships. Our insurance carrier is responsible for \$1,000,000 coverage per occurrence above our self-insured retentions, up to a maximum aggregate of \$2,000,000 per year. We were also able to purchase excess liability insurance, whereby our excess insurance carrier is responsible for \$10,000,000 coverage above our primary general liability insurance coverage. We are un-insured against liability claims in excess of \$11,000,000 per occurrence and in the aggregate. We secured general liability insurance and excess liability insurance to be effective as of December 30, 2024.

Our general policy is to settle only those legitimate and reasonable claims asserted and to aggressively defend and go to trial, if necessary, on frivolous and unreasonable claims. Under our current liability insurance policy, certain expenses incurred by us in defending a claim, including attorney's fees, are a part of a \$50,000 self-insured retention per occurrence for us and a \$10,000 self-insured retention per occurrence for the limited partnerships.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The respective carrying value of our on-balance-sheet financial instruments approximate their fair value. These instruments include cash and cash equivalents, other receivables, accounts payables, accrued expenses and debt. We have assumed carrying values to approximate fair values for those financial instruments, which are short-term in nature or are receivable or payable on demand. We estimated the fair value of debt based on current rates offered to us for debt of comparable maturities and similar collateral requirements.

In accordance with FASB ASC Topic 820-10-50-1, we utilized a valuation model to determine the fair value of our swap agreement. As the valuation models for the swap agreement were based upon observable inputs, they are classified as Level 2 (see Note 13).

Derivative Instruments

We account for derivative instruments in accordance with FASB ASC Topic 815-10-05-4, “*Accounting for Derivative Instruments and Hedging Activities*” as amended, which establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and hedging activities. In accordance with FASB ASC Topic 815-10-05-4, derivative instruments are recognized as assets or liabilities in the Company’s consolidated balance sheets and are measured at fair value. We determined that the interest rate swap agreement is an effective hedging agreement and changes in fair value are adjusted quarterly (see Note 13).

Income Taxes

We account for our income taxes using FASB ASC Topic 740, “*Income Taxes*”, which requires the recognition of deferred tax liabilities and assets for expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

We follow the provisions regarding *Accounting for Uncertainty in Income Taxes*, which require the recognition of a financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority. For our fiscal years ended September 28, 2024 and September 30, 2023, we had no material unrecognized tax benefits and no adjustments to our financial position, results of operations or cash flows were required. Generally, federal, state and local authorities may examine the Company’s tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of September 28, 2024.

Long-Lived Assets

We continually evaluate whether events and circumstances have occurred that may warrant revision of the estimated life of our intangible and other long-lived assets or whether the remaining balance of our intangible and other long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that intangible or other long-lived assets should be evaluated for possible impairment, we will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. In determining the expected future cash flows, the assets will be grouped at the lowest level for which there are cash flows, at the individual store level.

Earnings Per Share

We follow FASB ASC Topic 260 - “*Earnings per Share*.” This section provides for the calculation of basic and diluted earnings per share. Basic earnings per share includes no dilution. Earnings per share are computed by dividing income available to common stockholders by the basic and diluted weighted average number of common shares.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted and Recently Issued Accounting Pronouncements

Adopted

The FASB issued guidance, Accounting Standards Update (ASU) 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which provides a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This guidance was effective for the Company in the first quarter of our fiscal year 2024; however, after performing a thorough analysis the Company concluded there was no material impact from the adoption of this ASU.

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures,” which updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. We early adopted this ASU in the third quarter of our fiscal year 2024 and this ASU affected the expense presentation of our Consolidated Statements of Income and our Business Segments footnote. For further information regarding the Company’s Business Segments, please refer to our Consolidated Statements of Income and Business Segments footnote.

Issued

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures,” which requires enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. This ASU will be effective for the Company in our fiscal year 2026, with the guidance applied either prospectively or retrospectively. Early adoption is permitted. We are currently evaluating the impact the adoption of the new accounting guidance will have on our tax disclosures.

There are no other recently issued accounting pronouncements that we have not yet adopted that we believe will have a material effect on our financial statements.

NOTE 2. PROPERTY AND EQUIPMENT, NET

	(in thousands)	
	2024	2023
Furniture and equipment	\$ 17,741	\$ 15,956
Leasehold improvements	32,381	31,314
Land and land improvements	36,221	36,027
Building and improvements	38,065	30,613
Vehicles	2,281	2,085
Other	317	—
	<u>127,006</u>	<u>115,995</u>
Less accumulated depreciation and amortization	(45,259)	(41,271)
	<u>81,747</u>	<u>74,724</u>
Construction in progress	—	5,416
	<u>\$ 81,747</u>	<u>\$ 80,140</u>

Depreciation and amortization expense for the fiscal years ended September 28, 2024 and September 30, 2023 was approximately \$4,268,000 and \$3,561,000, respectively.

NOTE 3. LEASEHOLD INTERESTS, NET

	(in thousands)	
	2024	2023
Leasehold interests, at cost	\$ 3,055	\$ 3,024
Less accumulated amortization	(2,987)	(2,961)
	<u>\$ 68</u>	<u>\$ 63</u>

Future leasehold amortization as of September 28, 2024 is as follows:

	(in thousands)
2025	\$ 27
2026	23
2027	6
2028	5
2029	5
Thereafter	2
Total	<u>\$ 68</u>

Leasehold amortization expense for the fiscal years ended September 28, 2024 and September 30, 2023 was approximately \$26,000 and \$23,000, respectively.

NOTE 4. INVESTMENT IN LIMITED PARTNERSHIPS

We have invested along with others (some of whom are affiliated with our officers and directors) in eleven limited partnerships which currently own and operate eleven South Florida based restaurants under our service marks “Flanigan’s Seafood Bar and Grill” or “Flanigan’s”. In addition to being a limited partner in these limited partnerships, we are the sole general partner of ten of these limited partnerships and manage and control the operations of these restaurants except for the restaurant located in Fort Lauderdale, Florida where we only hold a limited partnership interest.

Generally, the terms of the limited partnership agreements provide that until the investors’ cash investment in a limited partnership (including any cash invested by us) is returned in full, (available cash is distributed to the investors pro-rata based on ownership interest), the limited partnership distributes to the investors annually out of available cash from the operation of the restaurant, as a return of capital, up to 25% of the cash invested in the limited partnership, with no management fee paid to us. Any available cash in excess of the 25% of the cash invested in the limited partnership distributed to the investors annually, is paid one-half (½) to us as a management fee and one-half (½) to the investors (including us), pro-rata based on the investors’ investment, as a return of capital. Once all of the investors (including us), have received, in full, amounts equal to their cash invested, an annual management fee becomes payable to us equal to one-half (½) of cash available to be distributed, with the other one-half (½) of available cash distributed to the investors (including us), as a profit distribution, pro-rata based on the investors’ investment. As of September 28, 2024, all limited partnerships, with the exception of the limited partnership which owns the restaurant in Sunrise, Florida (Store #85), which opened for business in March 2022 and the limited partnership which owns the restaurant in Miramar, Florida (Store #25), which opened for business in April 2023, have returned all cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by the limited partnership.

In addition to receipt of distributable amounts from the limited partnerships, we receive a fee equal to 3% of gross sales for use of our service marks “Flanigan’s Seafood Bar and Grill” or “Flanigan’s”, which use is authorized while we act as general partner only. This 3% fee is “earned” when sales are made by the limited partnerships and is paid weekly, in arrears. Whether we will have any additional restaurants in the future will be dependent, among other things, on market conditions and our ability to raise capital. We anticipate that we will continue to form limited partnerships to raise funds to own and operate restaurants under our service marks “Flanigan’s Seafood Bar and Grill” or “Flanigan’s” using the same or substantially similar financial arrangements.

Below is information on the eleven limited partnerships which own and operate “Flanigan’s Seafood Bar and Grill” or “Flanigan’s” restaurants:

Surfside, Florida

We are the sole general partner and a 46% limited partner in this limited partnership which has owned and operated a restaurant in Surfside, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since March 6, 1998. 33.3% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Kendall, Florida

We are the sole general partner and a 41% limited partner in this limited partnership which has owned and operated a restaurant in Kendall, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since April 4, 2000. 28.3% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

West Miami, Florida

We are the sole general partner and a 27% limited partner in this limited partnership which has owned and operated a restaurant in West Miami, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since October 11, 2001. 32.7% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Wellington, Florida

We are the sole general partner and a 28% limited partner in this limited partnership which has owned and operated a restaurant in Wellington, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since May 27, 2005. 21.9% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Pincrest, Florida

We are the sole general partner and 45% limited partner in this limited partnership which has owned and operated a restaurant in Pincrest, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since August 14, 2006. 19.4% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Pembroke Pines, Florida

We are the sole general partner and a 24% limited partner in this limited partnership which has owned and operated a restaurant in Pembroke Pines, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since October 29, 2007. 23.0% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Davie, Florida

We are the sole general partner and a 49% limited partner in this limited partnership which has owned and operated a restaurant in Davie, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since July 28, 2008. 12.0% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Miami, Florida

We are the sole general partner and a 5% limited partner in this limited partnership which has owned and operated a restaurant in Miami, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since December 27, 2012. 26.3% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all of their initial cash invested and we receive an annual management fee equal to one-half (½) of the cash available for distribution by this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

NOTE 4. INVESTMENT IN LIMITED PARTNERSHIPS (Continued)***Sunrise, Florida***

We are the sole general partner and a 7% limited partner in this limited partnership which has owned and operated a restaurant in Sunrise, Florida under our “Flanigan’s” service mark since March 22, 2022. 32.1% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. As of the end of our fiscal year 2024, this limited partnership has returned to its investors approximately 19.0% of their initial cash invested and as a result, we are currently not entitled to receive any management fees from this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Miramar, Florida

We are the sole general partner in this limited partnership which has owned and operated a restaurant in Miramar, Florida under our “Flanigan’s” service mark since April 18, 2023. No units of limited partnership interest were purchased by the Company. 25.5% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. As of the end of our fiscal year 2024, this limited partnership has returned to its investors approximately 25% of their initial cash invested and as a result, we are currently not entitled to receive any management fee from this limited partnership. This entity is consolidated in the accompanying consolidated financial statements.

Fort Lauderdale, Florida

A corporation, owned by a member of our Board of Directors, acts as sole general partner of a limited partnership which has owned and operated a restaurant in Fort Lauderdale, Florida under our “Flanigan’s Seafood Bar and Grill” service mark since April 1, 1997. We have a 25% limited partnership interest in this limited partnership. 56.9% of the limited partnership interest is owned by persons who are either our officers, directors or their family members. This limited partnership has returned to its investors all cash invested, but since we are not the general partner of this limited partnership, we do not receive an annual management fee. We have a franchise arrangement with this limited partnership and for accounting purposes, we do not consolidate the operations of this limited partnership into our operations. Our investment in this entity is reported using the equity method in the accompanying consolidated financial statements. The following is a summary of financial information pertaining to our limited partnership investment in Fort Lauderdale, Florida:

	Unaudited	
	(in thousands)	
	September 28, 2024	September 30, 2023
Financial Position:		
Current Assets	\$ 438	\$ 355
Non-Current Assets	705	733
Total Assets	<u>1,143</u>	<u>1,088</u>
Current Liabilities	229	259
Non-Current Liabilities	—	—
Total Liabilities	<u>229</u>	<u>259</u>
Equity	914	829
Total Liabilities and Equity	<u>\$ 1,143</u>	<u>\$ 1,088</u>
Operating Results:		
Revenues	<u>5,051</u>	<u>4,848</u>
Gross Profit	<u>3,311</u>	<u>3,208</u>
Net (Loss) Income	<u>166</u>	<u>(40)</u>

NOTE 5. PURCHASE OF REAL PROPERTY; LEASEHOLD / SUB-LEASEHOLD INTERESTS

El Portal, Florida (“Big Daddy’s Liquors”/Warehouse)

During the third quarter of our fiscal year 2023, we closed with a non-affiliated third party on the purchase of the real property it owns located at 8600 Biscayne Boulevard, El Portal, Florida consisting of approximately 6,000 square feet of commercial space which we sublease and where our “Big Daddy’s Liquors” package liquor store and our warehouse (Store #47) operate for \$3,200,000. We paid all cash at closing. Despite the purchase of this property, the sublease arrangement remains in place with all investors.

Hallandale Beach, Florida

During the third quarter of our fiscal year 2023, we closed with a non-affiliated third party on the purchase of a three building shopping center in Hallandale Beach, Florida, which consists of one stand-alone building a portion of which is leased to one unaffiliated third party (approximately 950 square feet) and a portion which is occupied by us (approximately 500 square feet); a second stand-alone building which is leased to one unaffiliated third party (approximately 1,500 square feet); and a third stand-alone building which is leased to one unaffiliated third party (approximately 2,500 square feet) for \$8,500,000. The rental income generated by these three lease arrangements is not material. The real property is located adjacent to our real property located at 4 N. Federal Highway, Hallandale Beach, Florida, where our combination package store and restaurant (Store #31) operates. We paid all cash at closing and accounted for this transaction as an asset acquisition.

Purchase of Leasehold/Sub-leasehold Interests

In 1974, we sold the underlying ground lease to the real property located at 8600 Biscayne Boulevard, El Portal, Florida to related and unrelated third parties and simultaneously subleased it back. We operate our retail package liquor store (Store #47) and warehouse from this location. During the first quarter of our fiscal year 2024, we re-purchased a 4% interest in the underlying ground lease, as well as the sublease agreement from an unrelated third party for \$31,000 and currently own 56% of each lease. As a result, we now only pay 44% of the rent due under the ground lease and the sublease agreement.

NOTE 6. INSURANCE PREMIUMS

Due to continuing higher interest rates, for the policy year commencing December 30, 2023 we paid the premiums for property, general liability, excess liability and terrorism policies in full with premiums totaling approximately \$3.92 million, which includes coverage for our franchises (of approximately \$850,000), which are not included in our consolidated financial statements. For the policy year commencing December 30, 2024, we will pay the premiums for property, general liability, excess liability and terrorism policies in full again due to continuing higher interest rates.

NOTE 7. DEFERRED REVENUE

Changes in deferred revenue on the consolidated balance sheets were as follows:

	Loyalty Program					
	Gift Cards	Holiday Promo	Lunch Club	Big Daddy Good Customer	Other	Total
September 30, 2023	\$ 1,215	\$ —	\$ 79	\$ 1,341	\$ —	\$ 2,635
Revenue deferred	3,560	1,663	24	831	2	6,080
Revenue recognized	(3,387)	(1,663)	(1)	(767)	—	(5,818)
September 28, 2024	\$ 1,388	\$ —	\$ 102	\$ 1,405	\$ 2	\$ 2,897
October 1, 2022	\$ 1,103	\$ —	\$ 73	\$ 1,453	\$ —	\$ 2,629
Revenue deferred	3,560	1,382	117	675	—	5,734
Revenue recognized	(3,448)	(1,382)	(111)	(787)	—	(5,728)
September 30, 2023	\$ 1,215	\$ —	\$ 79	\$ 1,341	\$ —	\$ 2,635

NOTE 8. RE-CONSTRUCTION FOLLOWING CASUALTY LOSS

During the first quarter of our fiscal year 2019, our combination package liquor store and restaurant located at 2505 N. University Drive, Hollywood, Florida (Store #19) was damaged by a fire and was forced to close. The package liquor store re-opened for business during the first quarter of our fiscal year 2023 in a newly constructed stand-alone building. The restaurant re-opened for business during the second quarter of our fiscal year 2024 in a newly constructed stand-alone building where our combination package liquor store and restaurant was previously located.

NOTE 9. LIQUOR LICENSES

Liquor licenses, which are indefinite lived assets, are tested for impairment in September of each of our fiscal years. The fair value of liquor licenses at September 28, 2024, exceeded the carrying amount; therefore, we recognized no impairment loss. The fair value of the liquor licenses was evaluated by comparing the carrying value to recent sales for similar liquor licenses in the County issued. At September 28, 2024 and September 30, 2023, the total carrying amount of our liquor licenses was \$1,268,000.

NOTE 10. INCOME TAXES

The components of our provision for income taxes for our fiscal years 2024 and 2023 are as follows:

	(in thousands)	
	2024	2023
Current:		
Federal	\$ 246	\$ 298
State	305	289
	<u>551</u>	<u>587</u>
Deferred:		
Federal	(282)	(84)
State	17	146
	<u>(265)</u>	<u>62</u>
	<u>\$ 286</u>	<u>\$ 649</u>

A reconciliation of income tax computed at the statutory federal rate to income tax expense is as follows:

	(in thousands)	
	2024	2023
Tax provision at the statutory rate	\$ 1,173	\$ 1,273
Non-controlling interests	(408)	(297)
State income taxes, net of federal income tax	264	343
FICA tip credit	(1,029)	(799)
True up adjustment	77	89
Other permanent items, net	209	40
	<u>\$ 286</u>	<u>\$ 649</u>

We have deferred tax liabilities and assets which arise primarily due to depreciation recorded at different rates for tax and book purposes offset by cost basis differences in depreciable assets due to the deferral of the recognition of insurance recoveries on casualty losses for tax purposes, investments in and management fees paid by limited partnerships, accruals for potential uninsured claims, bonuses accrued for book purposes but not paid within two and a half months for tax purposes, the capitalization of certain inventory costs for tax purposes not recognized for financial reporting purposes, the recognition of revenue from gift cards and other promotional programs not redeemed within twelve months of issuance, allowances for uncollectable receivables, unfunded limited retirement commitments, book-tax differences related to operating leases, interest rate swap mark-to-market adjustments and FICA tax credit. The components of our deferred tax assets (liabilities) at September 28, 2024 and September 30, 2023 were as follows:

	(in thousands)	
	2024	2023
Deferred tax assets:		
Reversal of aged payables	\$ 18	\$ 18
Capitalized inventory costs	26	28
Accrued bonuses	52	66
Accruals for potential uninsured claims	27	13
Gift cards	247	223
Deferred revenue	205	179
Tip credit	914	570
Operating lease liabilities	3,319	3,525
Limited partnership investments	446	475
Interest rate swaps	14	(134)
Accrued limited retirement	76	73
Subtotal	<u>\$ 5,344</u>	<u>\$ 5,036</u>
Less: Valuation allowance	<u>—</u>	<u>—</u>
Total net deferred tax assets	<u>5,344</u>	<u>5,036</u>

NOTE 10. INCOME TAXES (Continued)

	(in thousands)	
	2024	2023
Deferred tax liabilities:		
Limited partnership management fees	\$ (680)	\$ (873)
Book/tax differences in property and equipment and intangible assets	(1,901)	(1,573)
Operating lease right of use assets	(3,152)	(3,391)
Total deferred tax liabilities	<u>(5,733)</u>	<u>(5,837)</u>
Net deferred tax liability	<u>\$ (389)</u>	<u>\$ (801)</u>

As of September 28, 2024, the Company has federal general business credit carryforward of \$914,000. General business credit carryovers can be carried back 1 year and carried forward 20 years. The company's general business credit carryforward will begin to expire in fiscal year 2040. The Company and its subsidiaries file a U.S. Corporation federal income tax return and a Florida Corporation income tax return. These returns are subject to examination by taxing authorities for all fiscal years after 2020.

NOTE 11. DEBT

Debt consists of the following as of September 28, 2024 and September 30, 2023:

Long-Term Debt

	2024	2023
Mortgage payable to institutional lender, secured by a first mortgage on real property and improvements, bearing interest at 3.86%, amortized over twenty (20) years, payable in monthly installments of principal and interest of approximately \$43,400, with a balloon payment of approximately \$5,373,000 due on November 27, 2026. As of September 28 2024, the net book value of the collateral securing this mortgage was \$5,501,000.	6,016	6,295
Mortgage payable to institutional lender, secured by first mortgage on real property and improvements, bearing interest at the fixed rate of 3.63% per annum, fully amortized over fifteen (15) years, payable in monthly installments of principal and interest of approximately \$31,100, with a final payment on July 1, 2036. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$10,910,000.	3,579	3,815
Mortgage payable to institutional lender, secured by first mortgage on real property and improvements, bearing interest at the fixed rate of 3.65% per annum, fully amortized over fifteen (15) years, payable in monthly installments of principal and interest of approximately \$16,000, with a final payment on March 2, 2036. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$7,787,000.	1,790	1,913
Mortgage payable to institutional lender, secured by a first mortgage on real property and improvements, bearing interest at BSBY Screen Rate – 1 Month +1.50%, (5.32% at September 28, 2024), but with the interest fixed at 4.90% pursuant to a swap agreement, amortized over fifteen (15) years, payable in monthly installments of principal of approximately \$36,700, with a final payment on September 28, 2037. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$3,438,000. Additionally, effective November 15, 2024, the publication of BSBY was terminated and as of such date, the variable rate of interest under our debt instrument is equal to the lender's 1 Month CME Term Secured Overnight Financing Rate ("SOFR"), plus 10 basis points, as an equivalent alternative approved by the lender.	8,124	8,505
Mortgage payable to institutional lender, secured by a first mortgage on real property and improvements, bearing interest at the fixed rate of 4.65% per annum, fully amortized over fifteen (15) years, payable in monthly installments of principal and interest of approximately \$6,400, with a final payment on December 28, 2031. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$1,021,000.	487	535

NOTE 11. DEBT (Continued)

Mortgage payable to a related party, an entity the owners of which include persons who are either our officers, directors or their family members, secured by first mortgage on real property and improvements, bearing interest at 6%, amortized over fifteen (15) years, payable in monthly installments of principal and interest of approximately \$9,300, with a balloon payment of approximately \$487,000 on August 1, 2032. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$2,040,000.	1,000	1,049
Mortgage payable to institutional lender, secured by a first mortgage on real property and improvements, bearing interest at the fixed rate of 4.65% per annum, fully amortized over fifteen (15) years, payable in monthly installments of principal and interest of approximately \$6,500, with a final payment on December 28, 2031. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$1,002,000.	498	547
Mortgage payable to unrelated third party, secured by first mortgage on real property and improvements, bearing interest at 7.5%, amortized over twenty (20) years, payable in monthly installments of principal and interest of approximately \$7,300, with a final payment on March 1, 2034. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$1,046,000.	600	641
Mortgage payable to related third party, secured by first mortgage on real property and improvements, bearing interest at 4%, amortized over eight (8) years, payable in monthly installments of principal and interest of approximately \$3,000, with a final payment on November 1, 2026. As of September 28, 2024, the net book value of the collateral securing this mortgage was \$549,000.	76	109
Other	17	29
Less unamortized loan costs	(275)	(310)
	21,912	23,128
Less current portion	(1,400)	(1,295)
	<u>\$ 20,512</u>	<u>\$ 21,833</u>
Long-term debt at September 28, 2024 matures as follows:		
2025		1,400
2026		1,413
2027		6,555
2028		1,180
2029		1,239
Thereafter		10,400
		<u>22,187</u>
Less unamortized loan costs		(275)
		<u>\$ 21,912</u>

NOTE 11. DEBT (Continued)

As of September 28, 2024, we are in compliance with the financial covenants contained in our loans with our unrelated third party institutional lender (the “Institutional Lender”) under which we owe in the aggregate, approximately \$20,494,000 (the “Institutional Loans”), of our total loans of approximately \$21,912,000. As of September 28, 2024, the year-end fair value of our debt approximates carrying value.

In February 2023, we determined that as of December 31, 2022, we did not meet the required Post-Distribution Basic Fixed Charge Coverage Ratio (the “Post-Distribution/Fixed Charge Covenant”) contained in each of our six (6) loans (the “Institutional Loans”) with our unrelated third party institutional lender (the “Institutional Lender”). On February 23, 2023, we received from the Institutional Lender, a written waiver of the non-compliance with the Post-Distribution/Fixed Charge Covenant (the “Covenant Non-Compliance”), pursuant to which, among other things, the Institutional Lender waived (1) the non-compliance as of December 31, 2022 and (2) their right to exercise certain remedies under the Institutional Loans, including the right to accelerate the indebtedness owed by us thereunder, resulting in the indebtedness under the Institutional Loans to be immediately due and payable, which would have had a material adverse effect on the Company. The Post-Distribution/Fixed Charge Covenant requires we maintain a ratio of at least 1.15 to 1.00 and for the twelve (12) months ended September 28, 2024 our ratio was calculated to be 1.62 to 1.00. As a result, our classification of debt is appropriate as of September 28, 2024.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS*Construction Contracts**(a) 2505 N. University Drive, Hollywood, Florida (Store #19 – “Flanigan’s”)*

During the first quarter of our fiscal year 2022, we entered into an agreement with a third party unaffiliated general contractor to re-build our restaurant located at 2505 N. University Drive, Building B, Hollywood, Florida (Store #19R), which had been closed since October 2, 2018 due to damage caused by a fire and re-opened March 26, 2024. The contract totaled \$2,515,000 and through our fiscal year 2024 we agreed to change orders increasing the total contract price by \$1,512,000 to \$4,027,000, of which \$3,905,000 has been paid through September 28, 2024. Subsequent to the end of our fiscal year 2024, we agreed to final change orders increasing the total contract price by \$3,000 to \$4,030,000 and the balance of the contract price of \$125,000 has been paid subsequent to the end of our fiscal year 2024.

ERP Contract

In the third quarter of our fiscal year 2024, we entered into an agreement with Oracle, an unrelated third party vendor for the licensing and support of NetSuite, a cloud-based Oracle ERP solution to replace our general ledger. The agreement is for a period of five years at a fixed rate of approximately \$40,000 annually, with a cap on the percentage increase to our fees for our options to extend the term of the agreement for years six and seven. The fee for the five year agreement will be paid to the unrelated third party vendor over a period of five years, with a deferral of any payments for the first six months of the agreement. We do not expect the implementation of NetSuite to be complete and functional until the second quarter of our fiscal year 2025.

In the third quarter of our fiscal year 2024, we also entered into an agreement with an unrelated third party implementation partner for the implementation of NetSuite. The fee for its implementation services will be approximately \$237,000, payable as hourly services are performed and billed.

Legal Matters

Our sale of alcoholic beverages subjects us to “dram shop” statutes, which allow an injured person to recover damages from an establishment that served alcoholic beverages to an intoxicated person. If we receive a judgment substantially in excess of our insurance coverage or if we fail to maintain our insurance coverage, our business, financial condition, operating results or cash flows could be materially and adversely affected. There are currently no “dram shop” claims pending against us.

We are a party to various other claims, legal actions and complaints arising in the ordinary course of our business. It is our opinion that all such matters are without merit or involve such amounts that an unfavorable disposition would not have a material adverse effect on our financial position or results of operations.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS (Continued)**Leases**

To conduct certain of our operations, we lease restaurant and package liquor store space in South Florida from unrelated third parties. Our leases have remaining lease terms of up to 48 years, some of which include options to renew and extend the lease terms for up to an additional 26 years. We presently intend to renew some of the extension options available to us and for purposes of computing the right-of-use assets and lease liabilities required by ASC 842, we have incorporated into all lease terms which may be extended, an additional term of the lesser of (i) the amount of years the lease may be extended; or (ii) 15 years.

Following adoption of ASC 842 during our fiscal year ended October 3, 2020, common area maintenance and property taxes are not considered to be lease components.

The components of lease expense are as follows:

	(in thousands)	
	52 Weeks Ended September 28, 2024	52 Weeks Ended September 30, 2023
Operating Lease Expense, which is included in occupancy costs	\$ 3,852	\$ 3,822
Variable Lease Expense, which is included in occupancy costs	\$ 918	\$ 1,035
	(in thousands)	
Classification on the Condensed Consolidated Balance Sheets	September 28, 2024	September 30, 2023
Assets		
Operating lease assets	\$ 26,828	\$ 26,987
Liabilities		
Operating lease current liabilities	\$ 2,467	\$ 2,385
Operating lease non-current liabilities	\$ 25,847	\$ 25,850
Weighted Average Remaining Lease Term:		
Operating Leases	10.17 Years	9.86 Years
Weighted Average Discount:		
Operating leases	5.02%	4.75%

The following table outlines the minimum future lease payments for the next five years and thereafter:

For fiscal year	(in thousands) Operating
2025	3,776
2026	3,860
2027	3,765
2028	3,780
2029	3,800
Thereafter	20,231
Total lease payments (undiscounted cash flows)	39,212
Less imputed interest	(10,898)
Total operating lease liabilities	\$ 28,314

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS (Continued)

Purchase Commitments

In order to fix the cost and ensure adequate supply of baby back ribs for our restaurants for calendar year 2025, we entered into a purchase agreement with a new rib supplier, whereby we agreed to purchase approximately \$7.8 million of “2.5 & Down Baby Back Ribs” (weight range in which baby back ribs are sold) during calendar year 2025, at a prescribed cost, which we believe is competitive. For calendar year 2024, we entered into a purchase agreement with our current rib supplier, whereby we agreed to purchase approximately \$7.0 million of “2.25 & Down Baby Back Ribs” during calendar year 2024, at a prescribed cost, which we also believe is competitive. The increase in our cost of baby back ribs for calendar year 2025 compared to calendar year 2024 is due to our purchase of larger sized baby back ribs and the purchase of baby back ribs for Store #19R, Hollywood, Florida for the entire calendar year, offset by a decrease in market price.

Flanigan’s Fish Company, LLC

As of September 28, 2024, Flanigan’s Fish Company, LLC, a Florida limited liability company (“FFC”), supplies certain fish to all of our restaurants. Since we hold the controlling interest in FFC, the balance sheet and operating results of this entity are consolidated into the accompanying consolidated financial statements of the Company. Sales and purchases of fish are recognized in restaurant food sales and restaurant (cost of merchandise sold), respectively, in the consolidated statements of income at the time of sale to the restaurant. In addition, the 49% of FFC owned by the unrelated third party is recognized as a noncontrolling interest in our consolidated financial statements.

Franchise Program

At September 28, 2024 and September 30, 2023, we were the franchisor of five units under franchise agreements. Of the five franchised stores, three are combination restaurant/package liquor stores and two are restaurants (one of which we operate). Four franchised stores are owned and operated by related parties as follows:

- James G. Flanigan, our Chairman of the Board of Directors, Chief Executive Officer and President of the Company, and Michael B. Flanigan, a member of our Board of Directors and James G. Flanigan’s brother, are each a 35.24% owner of a company which has a franchise arrangement with us for the operation of a restaurant and adjacent package liquor store located in Coconut Grove, Florida (Store #18).
- Patrick J. Flanigan, brother to both James G. Flanigan and Michael B. Flanigan and a member of our Board of Directors, owns 100% of a company which has a franchise arrangement with us for the operation of a combination restaurant/package liquor store located in Pompano Beach, Florida (Store #43).
- Our officers and directors collectively own 30% of the shareholder interest of a company which has a franchise arrangement with us for the operation of a restaurant located in Deerfield Beach, Florida. The shareholder interest of James G. Flanigan’s family represents an additional 60% of the total invested capital in this franchised location (Store #14).
- Patrick J. Flanigan is the sole general partner and a 25% limited partner in a limited partnership which has a franchise arrangement with us for the operation of a restaurant located in Fort Lauderdale, Florida. The Company is a 25% limited partner in this limited partnership and officers and directors of the Company (excluding Patrick J. Flanigan) own an additional 31.9% limited partnership interest in this franchised location (Store #15).

Under the franchise agreements, we provide guidance, advice and management assistance to the franchisees. In addition and for an additional annual fee of approximately \$25,000, we also act as fiscal agent for the franchisees whereby we collect all revenues and pay all expenses and distributions. We also, from time to time, advance funds on behalf of the franchisees for the cost of renovations. The resulting amounts receivable from and payable to these franchisees are reflected in the accompanying consolidated balance sheet as either an asset or a liability. We also agree to sponsor and manage cooperative buying groups on behalf of the franchisees for the purchase of inventory. The franchise agreements provide for royalties to us of approximately 3% of gross restaurant sales and 1% of gross package liquor sales. During our fiscal years 2024 and 2023, we earned royalties of \$1,195,000 and \$1,163,000, respectively, from our related franchises, which royalties are included in Franchise-related revenues in our Consolidated Statements of Income. We are not currently offering or accepting new franchises.

NOTE 12. COMMITMENTS, CONTINGENCIES AND OTHER MATTERS (Continued)

Employment Agreements/Bonuses

As of September 28, 2024 and September 30, 2023, we had no employment agreements.

Our Board of Directors approved an annual performance bonus, with 14.75% of the corporate pre-tax net income, plus or minus non-recurring items, but before depreciation and amortization in excess of \$650,000 paid to the Chief Executive Officer and 5.25% paid to other members of management, (the “Officers Bonus”). Officers Bonuses for our fiscal years 2024 and 2023 amounted to approximately \$1,434,000 and \$1,604,000, respectively.

Our Board of Directors also approved an additional annual performance bonus, with 5% of the pre-tax net income before depreciation and amortization from our restaurants in excess of \$1,875,000 and our share of the pre-tax net income before depreciation and amortization from the restaurants owned by the limited partnerships paid to the Chief Operating Officer and 5% paid to the Chief Financial Officer (the “Restaurant Bonus”). Restaurant Bonuses for our fiscal years 2024 and 2023 amounted to approximately \$1,037,000 and \$1,090,000, respectively.

Management Agreements

Deerfield Beach, Florida

Since January 2006, we have managed “The Whale’s Rib”, a casual dining restaurant located in Deerfield Beach, Florida, pursuant to a management agreement. We paid \$500,000 in exchange for our rights to manage this restaurant. The management agreement was amortized and paid on a straight-line basis over the life of the initial term of the agreement, ten (10) years. The restaurant is owned by a third party unaffiliated with us. In exchange for providing management, bookkeeping and related services, we receive one-half (½) of the net profit, if any, from the operation of the restaurant. During the third quarter of our fiscal year 2011, the term of the management agreement was extended through January 9, 2036. For the fiscal years ended September 28, 2024 and September 30, 2023, we generated \$200,000 and \$400,000 of revenue, respectively, from providing these management services.

NOTE 13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

We follow FASB (ASC) Topic 820, “Fair Value Measurement”, for financial assets and liabilities and for non-financial assets and liabilities that are recognized or disclosed at fair value on at least an annual basis. Topic 820 defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded at fair value, we consider the principal or most advantageous market in which it would transact and consider assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions and risk of non-performance. Topic 820 establishes a fair market hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Topic 820 establishes three levels of inputs that may be used to measure fair value:

- Level 1 Inputs – Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2 Inputs – Inputs other than quoted prices included in Level 1 that are either directly or indirectly observable through correlation with market data. These include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs to evaluation models or other pricing methodologies that do not require significant judgment because the inputs used in the model, such as interest rates and volatility, can be corroborated by readily observable market data.
- Level 3 Inputs – One or more significant inputs that are unobservable and supported by little or no market activity, and that reflect the use of significant management judgment. Level 3 assets and liabilities include those whose fair value measurements are determined using pricing models, discounted cash flow methodologies or similar valuation techniques, and significant management judgment or estimation.

NOTE 13. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Interest Rate Swap Agreements

At September 28, 2024, we had one variable rate instrument outstanding that is impacted by changes in interest rates. The interest rate of our variable rate debt instrument is equal to the lender's BSBY Screen Rate plus one and one-half percent (1.50%) per annum. In September 2022, we refinanced the mortgage loan encumbering the property where our combination package liquor store and restaurant located at 4 N. Federal Highway, Hallandale Beach, Florida, (Store #31) operates, which mortgage loan is held by an unaffiliated third party lender (the "\$8.90M Loan"). Effective November 15, 2024, the publication of BSBY was terminated and as of such date, the variable rate of interest under our debt instrument is equal to the lender's 1 Month CME Term Secured Overnight Financing Rate ("SOFR"), plus 10 basis points, as an equivalent alternative approved by the lender.

As a means of managing our interest rate risk on this debt instrument, we entered into an interest rate swap agreement with our unrelated third-party lender to convert this variable rate debt obligation to a fixed rate. We are currently party to the following interest rate swap agreement:

(i) The interest rate swap agreement entered into in September 2022 relates to the \$8.90M Loan (the "\$8.90M Term Loan Swap"). The \$8.90M Term Loan Swap requires us to pay interest for a fifteen (15) year period at a fixed rate of 4.90% on an initial amortizing notional principal amount of \$8,900,000, while receiving interest for the same period at BSBY Screen Rate – 1 Month, plus 1.50%, on the same amortizing notional principal amount. Due to the change in the interest rate on the \$8.9M Loan, on November 22, 2024, we terminated the \$8.90M Term Loan Swap and simultaneously entered into a new interest rate swap agreement for \$8,015,601, the balance due on the \$8.90M Loan, which requires us to pay interest for twelve (12) years, ten (10) months, which is the balance of the original fifteen (15) year period at a fixed rate of 4.90% on an initial amortizing notional principal amount of \$8,015,601, while receiving interest for the same period at the lender's 1 Month CME Term Secured Overnight Financing Rate ("SOFR"), plus 10 basis points, at the same amortizing notional principal amount. We determined that the interest rate swap agreement is an effective hedging agreement and changes in fair value are adjusted quarterly.

NOTE 14. COMMON STOCK

Treasury Stock

Purchase of Common Shares

During our fiscal years 2024 and 2023, we did not purchase any shares of our common stock. As of September 28, 2024, we still have authority to purchase 65,414 shares of our common stock under the discretionary plan approved by the Board of Directors on May 17, 2007. Our current repurchase plan has no expiration date and purchases under this program may be made from time to time on the open market and in private transactions, depending on market conditions, up to a purchase price of price of \$15 per share. The Internal Revenue Service imposes a 1.0% tax on stock repurchases after December 31, 2022 over \$1,000,000 within a fiscal year.

NOTE 15. BUSINESS SEGMENTS

We operate in two reportable segments – package stores and restaurants. The operation of package stores consists of retail liquor sales and related items. The operation of restaurants consists of restaurant food and bar sales. Operating income is total revenue less cost of merchandise sold and operating expenses relative to each segment. In order to evaluate each of these two operating segments we also break out our Corporate entity which functions as a cost center accumulating expenses that do not directly relate to the reportable segments operations. As such, our Chief Operating Decision Maker (CODM) (our Chief Financial Officer) ensures that these expenses are separated in order to properly evaluate the two main reportable segments as presented below. We have disclosed for each reportable segment the significant expense categories that are reviewed by CODM in the tables below and there are no additional significant expenses within the expense categories presented. The key areas of focus by CODM for allocation of resources are revenues from each reportable segment, as well as their cost of merchandise sold, payroll related costs, and operating expenses (these figures are presented both pre-elimination and post-elimination with a line clearly distinguishing the elimination amounts). While CODM analyzes these categories, the area of focus is period over period fluxes to determine that the right allocation of resources is attributed to each segment in order to ensure profitability is maximized. Gross profit is not shown on the Consolidated Statements of Income but is a metric that CODM uses to assess segment performance and as such is included in the tables below. In computing operating income, none of the following items have been included: interest expense, other non-operating income and expenses and income taxes. Identifiable assets by segment are those assets that are used in our operations in each segment. Corporate assets are principally cash and real property, improvements, furniture, equipment and vehicles used at our corporate headquarters. We do not have any operations outside of the United States and transactions between restaurants and package liquor stores are not material. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. CODM analyzes each segment's income from operations for making decisions regarding resource allocation. Information concerning the revenues and operating income for the years ended September 28, 2024 and September 30, 2023, and identifiable assets for the two reportable segments in which we operate, are shown in the following tables.

NOTE 15. BUSINESS SEGMENTS (Continued)

For the Fiscal Year Ended September 28, 2024
(in thousands)

	<i>Restaurant</i>	<i>Package</i>	<i>Corporate</i>	<i>Eliminations</i>	Total
REVENUES:					
Restaurant food sales	\$ 114,795	\$ —	\$ —	\$ —	\$ 114,795
Intersegment revenues	4,141	—	—	(4,141)	—
Restaurant bar sales	30,010	—	—	—	30,010
Package goods sales	—	40,497	—	—	40,497
TOTAL REVENUE:	148,946	40,497	—	(4,141)	185,302
COST OF MERCHANDISE SOLD:					
Cost of merchandise sold:	49,862	30,128	—	—	79,990
Intersegment cost of merchandise sold	4,141	—	—	(4,141)	—
TOTAL COST OF MERCHANDISE SOLD:	54,003	30,128	—	(4,141)	79,990
GROSS PROFIT:	94,943	10,369	—	—	105,312
ADDITIONAL REVENUES:					
Franchise-related revenues	—	—	1,693	—	1,693
Intersegment franchise-related revenues	—	—	5,845	(5,845)	—
Rental income	—	—	1,105	—	1,105
Intersegment rental income	—	—	849	(849)	—
Intersegment partnership income	—	—	1,156	(1,156)	—
Other revenues	165	—	56	—	221
TOTAL ADDITIONAL REVENUES:	165	—	10,704	(7,850)	3,019
ADDITIONAL EXPENSES:					
Payroll and related costs	49,024	3,153	7,172	—	59,349
Intersegment payroll costs	—	(24)	—	24	—
Operating expenses	20,517	2,704	1,671	—	24,892
Intersegment operating expenses	2,431	—	3,173	(5,604)	—
Occupancy costs	6,534	980	572	—	8,086
Intersegment occupancy costs	665	184	—	(849)	—
Selling, general and administrative expenses	1,232	170	3,938	—	5,340
Intersegment selling, general and administrative expenses	—	—	286	(286)	—
Depreciation and amortization	3,216	499	553	—	4,268
TOTAL ADDITIONAL EXPENSES:	83,619	7,666	17,365	(6,715)	101,935
Income from Operations	11,489	2,703	(6,661)	(1,135)	6,396
OTHER INCOME (EXPENSE):					
Interest expense	—	—	(1,019)	—	(1,019)
Intersegment interest expense	—	—	(8)	8	—
Interest and other income	22	82	103	—	207
Intersegment interest and other income	—	20	8	(28)	—
Gain on sale of property and equipment	—	—	2	—	2
	22	102	(914)	(20)	(810)
Income (loss) before provision for income taxes:	11,511	2,805	(7,575)	(1,155)	5,586
Provision for income taxes	—	—	(286)	—	(286)
Net Income	11,511	2,805	(7,861)	(1,155)	5,300
Less: Net Income attributable to noncontrolling interests	(1,944)	—	—	—	(1,944)
Net Income Attributable to Flanigan's Enterprises, Inc.	\$ 9,567	\$ 2,805	\$ (7,861)	\$ (1,155)	\$ 3,356

NOTE 15. BUSINESS SEGMENTS (Continued)

For the Fiscal Year Ended September 30, 2023
(in thousands)

	<i>Restaurant</i>	<i>Package</i>	<i>Corporate</i>	<i>Eliminations</i>	Total
REVENUES:					
Restaurant food sales	\$ 107,238	\$ —	\$ —	\$ —	\$ 107,238
Intersegment revenues	3,919	—	—	(3,919)	—
Restaurant bar sales	29,000	—	—	—	29,000
Package goods sales	—	35,187	—	—	35,187
TOTAL REVENUE:	140,157	35,187	—	(3,919)	171,425
COST OF MERCHANDISE SOLD:					
Cost of merchandise sold:	45,488	25,810	—	—	71,298
Intersegment cost of merchandise sold	3,919	—	—	(3,919)	—
TOTAL COST OF MERCHANDISE SOLD:	49,407	25,810	—	(3,919)	71,298
GROSS PROFIT:	90,750	9,377	—	—	100,127
ADDITIONAL REVENUES:					
Franchise-related revenues	—	—	1,857	—	1,857
Intersegment franchise-related revenues	—	—	6,600	(6,600)	—
Rental income	—	—	951	—	951
Intersegment rental income	—	—	825	(825)	—
Intersegment partnership income	—	—	1,312	(1,312)	—
Other revenues	160	—	3	—	163
TOTAL ADDITIONAL REVENUES:	160	—	11,548	(8,737)	2,971
ADDITIONAL EXPENSES:					
Payroll and related costs	46,561	2,944	7,102	—	56,607
Intersegment payroll costs	—	(25)	—	25	—
Operating expenses	19,525	2,663	1,470	—	23,658
Intersegment operating expenses	2,312	—	4,060	(6,372)	—
Occupancy costs	6,233	853	480	—	7,566
Intersegment occupancy costs	661	164	—	(825)	—
Selling, general and administrative expenses	1,116	177	3,389	—	4,682
Intersegment selling, general and administrative expenses	—	—	273	(273)	—
Depreciation and amortization	2,646	468	447	—	3,561
TOTAL ADDITIONAL EXPENSES:	79,054	7,244	17,221	(7,445)	96,074
Income from Operations	11,856	2,133	(5,673)	(1,292)	7,024
OTHER INCOME (EXPENSE):					
Interest expense	—	—	(1,067)	—	(1,067)
Intersegment interest expense	—	—	(8)	8	—
Interest and other income	6	58	44	—	108
Intersegment interest and other income	—	20	8	(28)	—
	6	78	(1,023)	(20)	(959)
Income (loss) before provision for income taxes:	11,862	2,211	(6,696)	(1,312)	6,065
Provision for income taxes	—	—	(649)	—	(649)
Net Income	11,862	2,211	(7,345)	(1,312)	5,416
Less: Net Income attributable to noncontrolling interests	(1,417)	—	—	—	(1,417)
Net Income Attributable to Flanigan's Enterprises, Inc.	\$ 10,445	\$ 2,211	\$ (7,345)	\$ (1,312)	\$ 3,999

NOTE 15. BUSINESS SEGMENTS (Continued)

	(in thousands)	
	For the Fiscal Year Ended	
	September 28, 2024	September 30, 2023
Capital Expenditures:		
Restaurants	\$ 4,986	\$ 7,440
Package stores	197	3,855
Corporate	864	9,279
Consolidated Totals	<u>\$ 6,047</u>	<u>\$ 20,574</u>

	(in thousands)	
	September 28, 2024	September 30, 2023
Identifiable Assets:		
Restaurants	\$ 77,613	\$ 76,575
Package stores	23,084	23,714
Corporate	41,385	45,480
Consolidated Totals	<u>\$ 142,082</u>	<u>\$ 145,769</u>

NOTE 16. QUARTERLY INFORMATION (UNAUDITED)

The following is a summary of our unaudited quarterly results of operations for the quarters in our fiscal years 2024 and 2023.

	(in thousands)			
	Quarter Ended			
	December 30, 2023	March 30, 2024	June 29, 2024	Sep. 28, 2024
Revenues	\$ 45,140	\$ 48,069	\$ 49,102	\$ 46,010
Income from operations	792	2,685	2,287	632
Net income attributable to stockholders	109	1,942	1,121	184
Net income per share – basic and diluted	0.06	1.04	0.60	0.10
Weighted average common stock outstanding – basic and diluted	1,858,647	1,858,647	1,858,647	1,858,647

	(in thousands)			
	Quarter Ended			
	December 31, 2022	April 1, 2023	July 1, 2023	September 30, 2023
Revenues	\$ 41,861	\$ 43,803	\$ 45,372	\$ 43,360
Income from operations	1,197	2,711	2,700	416
Net income (loss) attributable to stockholders	624	1,897	1,605	(127)
Net income (loss) per share – basic and diluted	0.34	1.02	0.86	(0.07)
Weighted average common stock outstanding – basic and diluted	1,858,647	1,858,647	1,858,647	1,858,647

Quarterly operating results are not necessarily representative of our operations for a full year for various reasons including the seasonal nature of both the restaurant and package store segments.

NOTE 17. 401(k) PLAN

Effective July 1, 2004, we began sponsoring a 401(k) retirement plan covering substantially all employees who meet certain eligibility requirements. Employees may contribute elective deferrals to the plan up to amounts allowed under the Internal Revenue Code. We are not required to contribute to the plan but may make discretionary profit sharing and/or matching contributions. During our fiscal years ended September 28, 2024 and September 30, 2023, the Board of Directors approved discretionary matching contributions totaling \$74,000 and \$70,000, respectively.

NOTE 18. SUBSEQUENT EVENTS

Subsequent to the end of our fiscal year 2024, we entered into a new Master Services Agreement with our current vendor for a period of one (1) year effective January 1, 2025, with Company options of four (4) one (1) year renewal options to extend the term of the same.

Subsequent events have been evaluated through the date these consolidated financial statements were issued and except as provided above, no events required disclosure.

Subsequent to the end of our fiscal year 2024, for the policy year commencing December 30, 2024, we bound coverage on the following property, general liability, auto, excess liability, and terrorism policies with premiums totaling approximately \$4,014,000 of which property, general liability, excess liability and terrorism insurance includes coverage for our franchises and our managed restaurant (of approximately \$867,000), which are not included in our consolidated financial statements:

(i) For the policy year beginning December 30, 2024, our general liability insurance, excluding limited partnerships, is a one (1) year policy with our insurance carriers. For the policy commencing December 30, 2024, the self-insured retention per occurrence is \$50,000. The one (1) year general liability insurance premium is in the amount of \$479,000;

(ii) For the policy year beginning December 30, 2024, the general liability insurance for our limited partnerships, including franchisees and the managed restaurant is a one (1) year policy with our insurance carriers. For the policy commencing December 30, 2024, the self-insured retention per occurrence is \$10,000. The one (1) year general liability insurance premium is in the amount of \$1,099,000;

(iii) For the policy year beginning December 30, 2024, our automobile insurance is a one (1) year policy. The one (1) year automobile insurance premium is in the amount of \$234,000;

(iv) For the policy year beginning December 30, 2024, our property insurance is a one (1) year policy. The one (1) year property insurance premium is in the amount of \$1,317,000;

(v) For the policy year beginning December 30, 2024, our excess liability insurance is a one (1) year policy. The one (1) year excess liability insurance premium is in the amount of \$866,000; and

(vi) For the policy year beginning December 30, 2024, our terrorism insurance is a one (1) year policy. The one (1) year terrorism insurance premium is in the amount of \$19,000.

Of the \$4,014,000 annual premium amounts, which includes coverage for our franchises and our managed restaurant which are not included in our consolidated financial statements, we will pay the annual premium amounts in full with no financing due to high interest rates.

Subsequent events have been evaluated through the date these consolidated financial statements were issued and except as provided above, no events required disclosure.

FLANIGAN'S ENTERPRISES, INC.

INSIDER TRADING POLICY

I. PURPOSE

To promote compliance with the prohibitions against Insider Trading under federal securities laws. Such laws impose severe sanctions on persons who violate them, including criminal and civil liability. In addition, the SEC may penalize the Company and its directors and executive officers if its employees engage in Insider Trading and the Company has failed to take appropriate steps to prevent it.

II. SCOPE

A. Covered Persons: This Policy applies to:

1. Directors;
2. Employees;
3. Consultants to the Company with access to material nonpublic information; and
4. Any other individuals designated by the Chief Financial Officer. ("Covered Persons").

B. Covered Transactions: Transactions in Company securities covered by this Policy include: (i) purchases, (ii) sales, (iii) puts and calls, (iv) exercises of employee stock options, (v) discretionary transactions in Company stock held in qualified profit-sharing and savings plans, (vi) discretionary transactions in non-qualified supplemental savings or profit-sharing plans or arrangements, (vii) discretionary transactions in the Dividend Reinvestment Plan (DRIP) (but regular payroll deduction contributions to these plans, and regular reinvestment of dividends under the DRIP, are not affected), (viii) gifts, (ix) donations, (x) pledging, (xi) hedging, (xii) short sales, (xiii) short-term trading, and (xiv) all transfers of Company securities not specifically exempted by the terms of this Policy.

C. Earnings Blackout Periods: The provisions of this Policy covering Earnings Blackout Periods apply to:

1. Directors;
 2. Executive officers (for purposes of the Securities Exchange Act of 1934, as amended);
 3. Corporate officers;
 4. Any employee with access to the Company's consolidated financial results while it is nonpublic information;
 5. Any person whose duties include administrative support for the persons mentioned above; and
 6. Any other individuals designated by the Company's CEO or Chief Financial Officer.
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III. FORMS

None

IV. DEFINITIONS

- A. Insider Trading:** Purchases or sales of Company securities while aware of or in possession of material nonpublic information concerning the Company or tipping or disclosing material nonpublic information to others who might trade on the basis of that information.
- B. Material Information:** Information should be regarded as material if there is a substantial likelihood that a reasonable investor would consider it important when deciding to buy, hold or sell a security. Any information that could reasonably affect the price of the security is material. Any such information, whether it is positive or negative, favorable or unfavorable, should be considered material. There is no bright-line test for assessing materiality; rather, materiality is based on an assessment of all the facts and circumstances.

There are various categories of nonpublic information that are particularly sensitive and, generally, should always be presumed to be material. Examples of such nonpublic information include, but are not limited to:

1. Actual financial results prior to public release;
2. Earnings guidance, outlook, sales or profit projections, or changes thereto;
3. Significant acquisitions, dispositions, mergers or transactions;
4. Significant business developments, such as restructurings, large contracts or product developments;
5. Bank borrowings, financing transactions or liquidity issues outside the Company's ordinary course of business;
6. Events regarding the Company's securities (such as repurchase plans, stock splits, significant increases or decreases in dividends, changes to the rights of shareholders, or public or private sales of new equity or debt securities);
7. Significant pending or threatened government investigations or significant litigation;
8. A significant cybersecurity incident, such as a data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure;
9. Key management changes; and
10. A change in auditors or notification that an auditor's reports may no longer be relied upon.

In evaluating whether any information is material, please remember that someone else (including the SEC) will be viewing a securities transaction made by you with the benefit of "20/20 hindsight." If in doubt, you should assume that the information is material or consult the Company's legal counsel.

- C. **Nonpublic Information:** Nonpublic information is generally considered to be information that has not been previously disclosed or made available to the general public. You should presume that information is nonpublic unless it has been widely disseminated (i.e., you can point to its official release or disclosure by the Company in a press release, an SEC filing, or other widely available source of information such as a pre-announced earnings conference call or investor conference that is available by webcast on the Company’s website).

Information would not be widely disseminated if it is available only to the Company’s employees. Information is not necessarily public merely because it has been discussed in the press, which will sometimes report rumors, or because it has been covered in a speech to an audience, an interview, a website posting, or an article in a magazine.

Once information is widely disseminated, it is still necessary to afford the investing public with sufficient time to absorb and react to the information. Information will generally be considered to be fully absorbed one complete business day after the information is released.

V. RESPONSIBILITY

- A. **Prohibition on Trading While Aware of Material Nonpublic Information and Tipping:** No Covered Person may, while he or she is aware of or in possession of any material nonpublic information relating to the Company, directly or indirectly, through family members or other persons or entities:

1. Engage in a transaction involving a purchase or sale (or offer to purchase or sell) in any securities of the Company;
2. Recommend the purchase or sale of any Company securities; or
3. Disclose material nonpublic information to any person if it is reasonably foreseeable that such person may use that information in purchasing or selling Company securities.

Covered Persons are responsible for the transactions of family members who reside with a Covered Person (including a spouse and children at home or away at college), anyone else who lives in a Covered Person’s household, any person financially dependent on a Covered Person, and all corporations, partnerships, trusts or other entities owned, influenced or controlled by any Covered Person (“Related Parties”). Covered Persons should make Related Parties aware of the need to confer with the Covered Person before they trade in Company securities, and a Covered Person should treat all such transactions for the purposes of this Policy and applicable securities laws as if the transactions were for the account of the Covered Person.

- B. **Applicability To Other Companies:** This Policy also applies to purchases or sales of securities or the disclosure of material nonpublic information relating to any other company (including customers, suppliers, business partners and entities with which the Company is engaged, or is proposing to engage, in a corporate transaction such as a merger or joint venture) if a Covered Person obtains material nonpublic information about such company in the course of service to Company.
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- C. **Tender Offers:** A Covered Person is prohibited from trading in securities in connection with a planned or ongoing tender offer if such Covered Person has material nonpublic information about the tender offer and knows or suspects that the information may have come directly or indirectly from the target or bidder. Such information may not be tipped to anyone else.
- D. **Post Employment:** If a Covered Person is aware or in possession of material non-public information when his or her employment terminates, that individual may not trade in Company securities until that information has become public or is no longer material.
- E. **Permitted Transactions:** The following routine transactions, within the limits described, are not subject to the restrictions on trading in this Policy, although the Company reserves the right to prohibit any transactions as it, in its sole discretion, deems necessary.
1. The vesting or settlement of restricted stock, restricted stock units or performance shares, or the withholding or sale of stock back to the Company to satisfy tax withholding requirements upon vesting (the Policy does apply to any open market sale of stock received upon such vesting);
 2. Acquisitions or dispositions of Company common stock under the Company's profit-sharing and savings plans that are made pursuant to standing instructions not entered into or modified during a blackout period;
 3. Transfers of shares from a transfer agent account or brokerage account to an identically titled brokerage account with identical share ownership rights;
 4. Purchases or sales made pursuant to a "Trading Plan" that satisfies the requirements of the Section titled "Rule 10B5-1 Trading Plans" (below); and
 5. Purchases of securities from the Company or sales of securities to the Company.
- F. **Rule 10B-5-1 Trading Plans:** Subject to the [Chief Financial Officer's] prior approval, Covered Persons may design, adopt and enter into written trading plans ("Trading Plans") as contemplated by Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. A Trading Plan that meets the requirements of Rule 10b5-1 may permit the insider to trade in Company securities during a period in which he or she would otherwise be prohibited from trading by this Policy. A Trading Plan may only be adopted and put in place outside of a blackout period and when the adopting person is not in possession or aware of material nonpublic information.

VI. BLACKOUT PERIODS AND PRECLEARANCE REQUIREMENTS

- A. **Earnings Blackouts:** No person covered by Section II, item C may engage in transactions involving Company securities during the following time periods (each, an "Earnings Blackout Period"):
1. The period beginning at the close of the market on the last day of each fiscal quarter and ending at the close of business on the first complete business day after the filing of the Company's earnings release for that quarter or fiscal year (typically up to 45 days after quarter end and up to 120 days after fiscal year end). Earnings releases appear on the Company's website, <https://www.flanigans.net/investors/>, "Investors", "Financial Releases"; or
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2. During such other periods as may be established from time to time by the Board, the Chief Executive Officer or the Chief Financial Officer considering events or developments affecting the Company.

When deemed necessary or appropriate, senior management may begin the Earnings Blackout Period earlier, extend it, apply it to a different group of persons or otherwise modify it. In addition, no person covered by Section II, SCOPE item C shall inform a person not covered by Section VI that a blackout period imposed because of events or developments is in effect.

- B. Event Specific Blackout Periods:** From time to time, an event may occur that is material to the Company and is known only by certain persons. Senior management may in such instance notify such persons that so long as the event remains material and non-public, such persons may not trade Company securities. The existence of an event-specific blackout period or an early beginning to the blackout period will not be announced to the Company as a whole and should not be communicated to any other person.
- C. Preclearance To Trade, Gift Or Transfer:** Directors, executive officers, corporate officers and all other officers covered by earnings blackouts that wish to trade, gift (including, for example, charitable donations and gifts to family members) or otherwise transfer Company securities outside the blackout period must also obtain the advance permission (in writing/e-mail) of the Company's CFO and CEO. Approval by both the CFO and the CEO is required.

Before requesting pre-clearance, the requestor must carefully consider whether he or she may be in possession or aware of material nonpublic information about the Company. If a pre-clearance request is denied, the requestor must refrain from initiating any transaction in Company securities, and not inform any other person of the denial. Transactions that are pre-cleared must be effected within three business days of receipt of pre-clearance and, in all cases, prior to the beginning of the next blackout period, unless an exception is granted. If not effected within this time period, the transactions must be re-submitted for pre-clearance.

Even if you receive pre-clearance and it is outside a blackout period, the general prohibition against trading and disclosing still applies if you are aware of or in possession of material nonpublic information. The blackout policy and preclearance procedures are in addition to the general Insider Trading prohibitions and are not a substitute therefor.

VII. PREVENTION OF INSIDER TRADING BY OTHERS

The Company, its directors and officers and some supervisory personnel could be deemed "controlling persons" subject to potential liability under the securities laws. Accordingly, it is incumbent on these persons to maintain an awareness of possible Insider Trading violations by persons under their control and to take measures where appropriate to prevent such violations. Directors, officers and other supervisory personnel who become aware of a potential Insider Trading violation or a violation of this policy should immediately advise senior management and should take steps where appropriate to prevent persons under their supervision from using inside information for trading purposes.

VIII. ADDITIONAL PROHIBITED TRANSACTIONS

- A. **Pledging:** Directors and elected corporate officers must comply with the Company's Share Pledging Policy, which generally prohibits pledging shares of the Company's common stock as collateral for loans. No Covered Person may purchase the Company's securities "on margin" or pledge Company securities as collateral for a loan. If any person becomes subject to this Policy at a time when he or she has Company securities pledged as collateral for a loan, the pledge must be released within one year.
- B. **Hedging:** Directors and executive officers (for purposes of Section 16 of the Exchange Act) must comply with the Company's hedging policy, which generally prohibits engaging in transactions to hedge or offset value declines in the value of our stock such as short selling (i.e., selling securities that are not owned by the seller), put or call options, forward sale or purchase contracts, equity swaps and exchange funds. Covered Persons also may not engage in transactions that hedge or offset declines in value Company securities such as put or call options, or transactions in derivative securities.
- C. **Short Sales:** No Covered Person may engage in short sales of Company securities, including short sales "against the box".
- D. **Short-Term Trading:** Directors and executive officers of the Company are prohibited from engaging in an open market purchase and sale (or vice versa) of Company securities of the same class within a six month period unless the transaction would be exempt from "short swing" liability under Section 16 of the Exchange Act.

IX. COMPLIANCE WITH OTHER REQUIREMENTS

Directors and executive officers of the Company are reminded of their obligations to comply with other requirements in respect of transactions in Company securities, including:

- A. Compliance with Rule 144, including the filing of a Form 144 before selling a limited amount of Company common stock in an open market sale pursuant to an "ordinary brokerage transaction," and the use of a knowledgeable broker;
- B. Immediate post-transaction notification of sufficient detail of any transaction to facilitate the timely preparation and filing of any reports required by Section 16 of the Exchange Act;
- C. Avoidance of Section 16 "short-swing profit" liability or any purchase and sale (or sale and purchase) of Company common stock within six months; and
- D. Prohibition on transactions during a "pension plan blackout."

X. PENALTIES FOR VIOLATION

In addition to significant penalties imposed by law, violation of any of the foregoing rules is grounds for disciplinary action by the Company, including employment termination.

XI. COMPANY ASSISTANCE AND EDUCATION; ADMINISTRATION

Covered Persons shall cooperate with any training and compliance programs instituted by the Company in furtherance of this Policy. Directors and employees may be required to certify their understanding of, and intent to comply with, this Policy. Any person who has any questions about specific transactions may obtain additional guidance from the Company's legal counsel. The Company reserves the rights to amend and interpret this Policy from time to time.

31.1 CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, **James G. Flanigan**, certify that:

1. I have reviewed this Annual Report on Form 10-K of Flanigan's Enterprises, Inc. for the period ended September 28, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects of the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under my supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee or registrant's board of directors or persons performing the equivalent function:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James G. Flanigan

Name: James G. Flanigan

Chief Executive Officer and President

Date: December 27, 2024

31.2 CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, **Jeffrey D. Kastner**, certify that:

1. I have reviewed this Annual Report on Form 10-K of Flanigan's Enterprises, Inc. for the period ended September 28, 2024;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the periods covered by this report;
3. Based on my knowledge, the consolidated financial statements, and other financial information included in this report, fairly present in all material respects of the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under my supervision to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee or registrant's board of directors or persons performing the equivalent function:
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Jeffrey D. Kastner

Name: Jeffrey D. Kastner
Chief Financial Officer and Secretary
Date: December 27, 2024

32.1 CERTIFICATION PURSUANT TO 18 U. S. C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Flanigan’s Enterprises, Inc., (the “Company”) on Form 10-K for the fiscal year ended September 28, 2024, as filed with the Securities and Exchange Commission of the date hereof (the “Annual Report”), I, **James G. Flanigan**, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. SS.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- 1) This Annual Report on Form 10-K of the Company, to which this certification is attached as an Exhibit, fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James G. Flanigan

Name: James G. Flanigan
Chief Executive Officer and President
Date: December 27, 2024

The foregoing certificate is provided solely for the purpose of complying with Section 906 of the Sarbanes-Oxley Act of 2002 and for no other purpose whatsoever. Notwithstanding anything to the contrary set forth herein or in any of the Company’s previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate the Company’s future filings, including this annual report on Form 10-K, in whole or in part, this certificate shall not be incorporated by reference into any such filings. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

32.2 CERTIFICATION PURSUANT TO 18 U. S. C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Flanigan's Enterprises, Inc., (the "Company") on Form 10-K for the fiscal year ended September 28, 2024, as filed with the Securities and Exchange Commission of the date hereof (the "Annual Report"), I, **Jeffrey D. Kastner**, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. SS.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

- 1) This Annual Report on Form 10-K of the Company, to which this certification is attached as an Exhibit, fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in this Annual Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey D. Kastner

Name: Jeffrey D. Kastner
Chief Financial Officer and Secretary
Date: December 27, 2024

The foregoing certificate is provided solely for the purpose of complying with Section 906 of the Sarbanes-Oxley Act of 2002 and for no other purpose whatsoever. Notwithstanding anything to the contrary set forth herein or in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that might incorporate the Company's future filings, including this annual report on Form 10-K, in whole or in part, this certificate shall not be incorporated by reference into any such filings. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

FLANIGAN'S ENTERPRISES INC.
COMPENSATION CLAWBACK POLICY

1. Purpose

Flanigan's Enterprises Inc. (the "**Company**") is committed to fostering accountability, ethical conduct, and alignment of executive compensation with long-term performance. The Board of Directors of the Company (the "**Board**") has therefore adopted this policy which establishes procedures for recovering erroneously awarded incentive-based compensation from current and former executive officers of the Company in the event of a financial restatement caused by material noncompliance with securities laws (the "**Policy**").

This Policy is designed to comply with Section 10D of the Securities Exchange Act of 1934 (the "**Exchange Act**") and Rule 811 of the NYSE American Company Guide (the "**Clawback Listing Standards**").

2. Administration

This Policy shall be administered by the Board. Any determinations made by the Board shall be final and binding on all affected individuals.

3. Scope

This Policy applies to:

- a. **Covered Executives:** Current and former executive officers of the Company as determined by the Board in accordance with the definition of Section 10D of the Exchange Act.
- b. **Covered Compensation:** Incentive-based compensation awarded, earned, or vested based wholly or in part on financial metrics during the three (3) fiscal years preceding the date the Company determines a restatement is required.

4. Triggering Event for Recovery

Recovery will be initiated if the Company is required to prepare an accounting restatement of its previously issued financial statements due to material noncompliance with financial reporting requirements under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period. Restatements resulting solely from changes in accounting principles or regulatory guidance are excluded.

5. Recovery Amount

The Company will recover the amount of incentive-based compensation that exceeds what the executive officer would have received if the Company statements had been correctly stated, and will be computed without regard to any taxes paid. This calculation will exclude amounts unrelated to misstated performance metrics.

For incentive-based compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount will be based on a reasonable estimate of the effect of the accounting restatement on the stock price or total shareholder return upon which the incentive-based compensation was received; and the Company will maintain documentation of the determination of such reasonable estimate and provide such documentation to NYSE American.

6. No-Fault Standard

Recovery applies irrespective of whether the executive officer was at fault or involved in the financial misstatement.

7. Methods of Recovery

The Board will determine, in its sole discretion, the method for recovering incentive compensation hereunder which may include, without limitation:

- (a) requiring reimbursement of cash incentive compensation previously paid; and/or
- (b) taking any other remedial and recovery action permitted by law, as determined by the Board.

8. No Indemnification

The Company shall not indemnify any Covered Executives officers against the loss of any incorrectly awarded incentive compensation.

9. Disclosure

The Company will disclose instances of clawbacks as required by the Securities and Exchange Commission (SEC) rules in filings such as the annual proxy statement and Form 10-K.

10. Interpretation

The Board is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. It is intended that this Policy be interpreted in a manner that is consistent with the requirements of Section 10D of the Exchange Act, any applicable rules or standards adopted by the Securities and Exchange Commission, and the Clawback Listing Standards.

11. Effective Date

This Policy became effective as of December 1, 2023 (the “**Effective Date**”) and applies to incentive-based compensation granted on or after this date, even if such incentive compensation was approved, awarded, or granted to Covered Executives prior to the Effective Date.

12. Amendment; Termination

The Board may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary to reflect final regulations adopted by the Securities and Exchange Commission under Section 10D of the Exchange Act and to comply with the Clawback Listing Standards and any other rules or standards adopted by the NYSE American. The Board may terminate this Policy at any time.

13. Other Recovery Rights

Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

14. Relationship to Other Plans and Agreements

The Board intends that this Policy will be applied to the fullest extent of the law. The Board may require that any employment agreement, equity award agreement, or similar agreement entered into on or after the Effective Date shall, as a condition to the grant of any benefit thereunder, require a Covered Executive to agree to abide by the terms of this Policy. In the event of any inconsistency between the terms of the Policy and the terms of any employment agreement, equity award agreement, or similar agreement under which incentive compensation has been granted, awarded, earned or paid to a Covered Executive, whether or not deferred, the terms of the Policy shall govern.

15. Acknowledgment.

Each Covered Executive shall sign an acknowledgment form in the form attached hereto as **Exhibit A** in which they acknowledge that they have read and understand the terms of the Policy and are bound by the Policy.

16. Impracticability

The Board shall recover any excess incentive compensation in accordance with this Policy unless such recovery would be impracticable, as determined by the Board in accordance with Rule 10D-1 of the Exchange Act and the listing standards of NYSE American.

17. Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit A

FLANIGAN'S ENTERPRISES, INC.

POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Flanigan's Enterprises, Inc. Policy for the Recovery of Erroneously Awarded Compensation (the "**Policy**"). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "**Acknowledgement Form**") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation (as defined in the Policy) to the Company Group to the extent required by, and in a manner permitted by, the Policy.

Signature

Printed Name

Date
