FRANCHISE DISCLOSURE DOCUMENT

IHOP FRANCHISOR LLC
a Delaware limited liability company

10 West Walnut Street,
Pasadena, California 91103
(818) 240-6055
www.ihop.com

We offer two different franchise programs for Restaurants at non-traditional venues which feature "IHOP" pancakes as well as a diverse menu of other breakfast, lunch and dinner items.

The total investment necessary to begin operation of an IHOP franchise at a non-traditional venue is as follows:

Program	Low	High
Full-Service Program	$701,132	$3,971,197
IHOP Limited-Service Program	$561,482	$1,683,5225

This includes Initial Fees of $33,750 to $119,480 per Full-Service Restaurant and $23,750 to $71,980 per IHOP Limited-Service Restaurant to be developed which must be paid to the Franchisor or an IHOP Affiliate.

This Franchise Disclosure Document (this "Disclosure Document") summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document**.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Josh Clorfeine, Associate General Counsel, 10 West Walnut Street, Pasadena, California 91103, (818) 637-4794, josh.clorfeine@ihop.com.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: March 27, 2023

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit A and Exhibit A-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only IHOP business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an IHOP franchisee?	Item 20 or Exhibit A or Exhibit A-2 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The IHOP non-traditional multi-unit franchise agreement requires you to resolve disputes with us by mediation and arbitration only in California. Out-of-state mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and arbitrate with us in California than in your own state.

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

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H. List of Agents for Service of Process

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K. State Addenda

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ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The franchisor is IHOP Franchisor LLC, a Delaware limited liability company, formed on July 28, 2014. In this Disclosure Document, the words "IHOP," "we," "our" and "us" refer to IHOP Franchisor LLC, and when appropriate, our affiliates. "You" means the person or entity who buys the franchise.

This Disclosure Document is for the franchise offering of "International House of Pancakes," "IHOP" and "IHOP Express" Restaurants at non-traditional venues (defined below). We offer franchise programs for the development, sale and operation of International House of Pancakes and "IHOP" Restaurants in traditional venues under a separate franchise disclosure document, on terms which may differ materially from the terms of this Disclosure Document. We also test, develop, franchise and may operate other new fast casual and quick serve concepts, as well as concepts, restaurants, and prototypes located in urban and other markets, which may operate under the name "flip'd by IHOP" or other names which may include "IHOP." You may not be offered the opportunity to participate in all programs. Our agents for service of process are listed by state in Exhibit H of this Disclosure Document.

Non-traditional venues are generally within another primary business or in conjunction with another business or at institutional settings. Examples include schools, colleges and universities, military and other governmental facilities, hospitals, airports, highway rest stops, toll roads, hotels, motels, arenas, travel plazas, office or in-plant food facilities, supermarkets, grocery stores or convenience stores, casinos, stadiums, shopping malls and any other site, venue or location, some of which may be operated by a master concessionaire or contract food service provider ("Non-Traditional Venue"). Traditional venues are all other venues or sites ("Traditional Venue").

On or about September 30, 2014 (the "Closing Date"), our parent, Dine Brands Global, Inc. ("Dine Brands") (formerly known as DineEquity, Inc.), and various of its existing direct and indirect subsidiaries closed a securitization transaction involving both the IHOP and Applebee's brands (the "Securitization"), as part of which various existing subsidiaries contributed their assets, including intellectual property, real and personal property and equipment and related leases and subleases, notes and indebtedness of franchisees, and the business and related agreements concerning manufacturing, sourcing and sales of goods and services, to newly-formed subsidiaries of Dine Brands, including us.

On the Closing Date, International House of Pancakes, LLC ("IHOP LLC") ceased offering and selling new domestic franchises and contributed all then-existing U.S. IHOP franchise agreements and related franchisee notes and guarantee agreements, among other assets, to newly-formed IHOP Restaurants LLC. IHOP LLC also contributed all then-existing U.S. area development agreements to us, and we became responsible for all new domestic franchise sales commencing October 1, 2014. Prior to January 4, 2016, IHOP LLC offered and sold IHOP franchises internationally. On January 4, 2016, Dine Brands conducted a reorganization of its international operations such that substantially all the international assets of IHOP LLC were transferred to Dine Brands International, Inc. (formerly known as DineEquity International, Inc.). The transfer included development and franchise agreements for territories outside of the United States (including Mexico). Dine Brands International, Inc. serves as the franchisor for all international IHOP franchisees and franchisees with restaurants in the U.S. territories.

Our parent companies, all organized under Delaware law, are: IHOP Funding LLC; IHOP SPV Guarantor LLC; IHOP LLC and Dine Brands.

We have two affiliates that offer franchises in the United States in any line of business. The first is Applebee's Franchisor LLC ("Applebee's"), whose principal business address is 10 West Walnut Street, Pasadena, California, 91103. Dine Brands acquired the Applebee's chain in November 2007. The second is

Fuzzy's Taco Opportunities, LLC ("FTO"), whose principal place of business is 4200 Regent Boulevard, Suite C-210, Irving, Texas 75063. Dine Brands acquired FTO and certain of its parent and affiliate entities in December 2022, and FTO became our affiliate. Applebee's and FTO, and their respective franchised systems, are described further below.

Our affiliates that provide products or services to our franchisees, all organized under Delaware law are: Dine Brands, whose activities as manager include administering collections, franchising, marketing, real property, intellectual property, and providing certain pre-opening and post-opening services to franchised Restaurants; IHOP Property LLC ("IHOP Property") which leases certain real property to franchisees; IHOP Leasing LLC ("IHOP Leasing") which leases and subleases some franchised locations to franchisees, and IHOP TPGC LLC which administers our gift card program (each, excluding Applebee's and FTO, is referred to as an "IHOP Affiliate").

Our principal business address and that of our parent companies, and the IHOP Affiliates, is 10 West Walnut Street, Pasadena, California, 91103.

We have offered franchises for Restaurants operating under the "IHOP" and "International House of Pancakes" names (each a "Restaurant" or "IHOP Restaurant") since October 1, 2014, but we generally do not directly operate Restaurants. We have no predecessor, however, several of our then-affiliated entities previously offered franchises under the "IHOP" and "International House of Pancakes" brand names since the chain began in 1958, namely:

International House of Pancakes, Inc. from 1960 until February 2007;

IHOP Franchising, LLC from March 2007 to February 2009;

IHOP Franchise Company, LLC from April 2009 through December 2011, when it assigned its then-existing U.S. franchise agreements to, and then merged with, IHOP LLC; and

IHOP LLC from December 2011 through September 2014 (this is the same entity that franchised from 1960 until February 2007, but in December 2008 converted to a limited liability company).

These Restaurants feature "IHOP" pancakes as well as a diverse menu of other breakfast, lunch and dinner items. As of January 1, 2023, there were a total of 1,683 franchised IHOP Restaurants in the U.S. and U.S. Territories.

Our affiliate, Applebee's, has offered franchises for restaurants under the trade names "Applebee's Neighborhood Grill & Bar," "Applebee's" and "Applebee's Grill & Bar" (the "Applebee's Marks") since October 1, 2014, and does not offer franchises in other lines of business. Other affiliated entities have offered franchises under the Applebee's Marks in the U.S. and internationally:

Applebee's International, Inc. ("Applebee's International") from March 1988 to November 2007;

Applebee's Franchising, LLC from November 2007 to December 2011 when it assigned its then-existing franchise agreements to, and then merged with, Applebee's International;

Applebee's International from January 2012 through September 2014 (in the U.S.); and from January 2012 to January 3, 2016 (internationally); and

Dine Brands International, Inc. from January 4, 2016 to the present (internationally and in the U.S. territories).

As of January 1, 2023, there were a total of 1,575 Applebee's brand franchised restaurants in the U.S. and U.S. Territories.

Our affiliate, FTO, has offered franchises for "Fuzzy's Taco Shop" restaurants in the U.S. since May 2008, and does not offer franchises in other lines of business. Fuzzy's Taco Shops are Baja-style Mexican food fast-casual restaurants offered under the name "Fuzzy's Taco Shop" that feature items like huevos rancheros and breakfast tacos, Baja-inspired tacos and burritos, traditional Mexican dinners, sandwiches, sides, and signature sauces. As of January 1, 2023, there were a total of 134 Fuzzy's Taco Shop brand franchised restaurants in the U.S., and 3 company-owned Fuzzy's Taco Shop brand restaurants that were operated by FTO or other affiliates.

IHOP intends to conduct business under the names "IHOP," "International House of Pancakes" and "IHOP Express."

IHOP Affiliates operate Full-Service Restaurants (defined below) at Traditional Venues. In addition to franchising IHOP Restaurants at Traditional Venues and Non-Traditional Venues, and operating IHOP Restaurants at Traditional Venues, IHOP or its IHOP Affiliates may lease certain real property to franchisees, lease certain equipment to franchisees, and sell certain products to franchisees at Traditional Venues. We are developing and testing and may operate and franchise other new fast-casual and quick service concepts, as well as concepts, restaurants, and prototypes located in urban markets, which may operate under the name "IHOP Express," "Flip'd by IHOP" or other names, which may include "IHOP." Additionally, IHOP is developing, testing, refining and franchising a system for operating restaurants that fits within the definition of "Other IHOP Concepts" under the name "flip'd by IHOP" or another name selected by IHOP and may operate such restaurants. At this time, such offering is currently made only pursuant to exemptions from the registration and disclosure provisions of the franchise laws. Besides Full-Service Restaurants (defined below) franchised and operated at Traditional Venues, as described in other franchise disclosure documents, and the businesses described in this Disclosure Document, IHOP has no other businesses.

Except as described in this Item 1, neither Dine Brands nor any of the IHOP Affiliates have operated IHOP Restaurants or offered franchises in other lines of business.

Franchise Programs. We offer two separate Non-Traditional Venue franchise programs by this Disclosure Document, and we may allow you the opportunity to purchase a franchise under either or both programs:

(1) Under the "Full-Service Program," you would develop, equip, and operate a specified number of family style three meal occasion, Full-Service Restaurants at Non-Traditional Venues within a specified period at either a specific site (the "Franchised Location") or numerous locations, depending on the terms negotiated. The typical Full-Service Restaurant, features the full IHOP menu with a range of "signature" "IHOP" pancakes, coffee and other offerings, as well as a diverse menu of other breakfast, lunch and dinner items, is approximately 2,000 to 5,000 square feet, and offers table and to-go service (a "Full-Service Restaurant").

(2) Under the "IHOP Limited-Service Program," you would develop, equip and operate a specified number of IHOP Express Restaurants at Non-Traditional Venues utilizing a quick-serve format ("Quick-Serve Restaurant") (which occupies approximately 800 to 1,200 square feet, with counter-ordering, pay and pick-up service, portable items from a limited menu offering and with shared seating such as in a food court setting, or limited dedicated seating) or fast-casual format ("Fast-Casual Restaurant") (which occupies approximately 1,200 to 3,500 square feet, with counter ordering and table delivery service, an expanded menu offering packaged items for dine-in or take-out, and dedicated seating) within a specified period at the Franchised Location or numerous locations, depending on the terms negotiated. Quick-Serve Restaurant and Fast-Casual Restaurant are collectively referred to as "IHOP Limited-Service Restaurant(s)." The typical

IHOP Limited-Service Restaurant, either quick-serve or fast-casual, features a more limited range of signature "IHOP" pancakes, coffee and other breakfast, lunch and dinner offerings under a more limited menu.

The family dining, quick-serve and fast-casual segments of the foodservice market are highly developed and competitive. If you become an IHOP Non-Traditional Venue franchisee you will serve the general public and will compete with other businesses offering similar products and services, including full-service, fast-casual, quick-serve and fast food Restaurants. The items and products sold at IHOP and IHOP Limited-Service Restaurants will be sold to any customer whom you may serve. Sales at Restaurants located at Traditional Venues are typically not seasonal, although weather conditions in the geographic location of the Restaurant and the type of venue at which the Restaurant is located may have an impact on sales. Sales at Non-Traditional Venues will be affected by the volume and frequency that potential customers visit the Non-Traditional Venue where your Restaurant is located. For example, if your Restaurant is located within an airport terminal at an airport that experiences seasonal fluctuations, or other disruptions, your business may be adversely affected. Similarly, if your Restaurant is at a location that is within a venue (e.g., a convention center) that is frequented by customers only during specified operating days and hours, your business will be affected by the operating hours of that location.

Under the Full-Service and Limited-Service Programs, you would execute an IHOP Non-Traditional Multi-Unit Franchise Agreement ("IHOP NT MUFA") which describes your franchise area, type of Non-Traditional Venue, development schedule, and Initial Franchise Fee in the form attached as Exhibit B and, if you are already party to an agreement with us, you will also execute a General Release (Non-Traditional) in the form attached as Exhibit I. The approved location(s) would be located in a Non-Traditional Venue, which could be within another primary business or in conjunction with other businesses or at institutional settings such as schools, colleges and universities, military and other governmental facilities, hospitals, airports, highway rest stops, toll roads, hotels, motels, arenas, travel plazas, office or in-plant food facilities, supermarkets, grocery or convenience stores, casinos, stadiums, shopping malls and any other site, venue or location operated by a master concessionaire or contract food service provider. For each IHOP and IHOP Express Restaurant you develop under the IHOP NT MUFA, you would also execute a separate Non-Traditional Franchise Addendum ("NT FA") on the form attached to the IHOP NT MUFA at the time you acquire the right to the Restaurant site.

Additionally, subject to the terms and conditions of IHOP's 2023 Development Incentive Program (the "Development Incentive Program"), if you open a qualifying new Restaurant in 2023 (generally a new, incremental Restaurant not previously presented to IHOP and above and beyond what you or your affiliates are obligated to develop under any development agreements, replacement obligations or otherwise) or under a narrow set of circumstances you accelerate an obligation under an existing development agreement into 2023, you may be eligible to indicate your preference for one of the following development incentives: (A) waiver of your initial franchise fee, (B) a royalty rebate such that your royalty for the Restaurant will effectively be discounted by 3% from the date of your Restaurant opening through the first anniversary thereof; 2% from the first anniversary of your opening date to the second anniversary thereof; and 1% from the second anniversary of your restaurant opening date through the third anniversary thereof; (C) participation in IHOP's equipment leasing program; or (D) key money of $100,000 per Restaurant opened pursuant to and in accordance with the terms of the Development Incentive Program, if and only if your "franchise group" (as defined/determined by IHOP in its sole discretion) opens three or more Restaurants in 2023 each of which satisfies Development Incentive Program criteria and is approved for participation in the Development Incentive Program and this incentive option. The Development Incentive Program is subject to additional terms and conditions further described in the Development Incentive Program. This brief summary of the Development Incentive Program does not include all applicable terms and conditions and is qualified in its entirety by reference to the actual Development Incentive Program. Terms and conditions of the Development Incentive Program include but are not limited to there being a limited number of development incentives available (by type and in the aggregate), each incentive award and incentive election being approved by IHOP in writing, the Development Incentive Program being subject to change or revision by IHOP in its sole discretion and all questions of interpretation under the Development Incentive Program being made by IHOP in its sole discretion. In addition, you and each of your affiliates must be and remain in good standing and maintain full compliance with all agreements with IHOP and any of its affiliates. No franchisee or prospective franchisee may act in reliance on the Development Incentive Program unless and until informed in writing that a particular site/Restaurant is eligible for participation in the Development Incentive Program, even after which award of an incentive will depend on satisfaction of Development Incentive Program criteria.

Specific Industry Regulation. California and other states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of your Restaurant, including those which (a) establish general standards, specifications and requirements for the construction, design and maintenance of the Restaurant premises; (b) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for Restaurants; employee practices concerning the storage, handling, cooking and preparation of food; nutrition and menu labeling; restrictions on smoking; availability of and requirements for public accommodations, including restrooms; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness, (e) govern the use of vending machines, (f) control the sale of alcoholic beverages; (g) regulate the proper use, storage and disposal of waste, insecticides, and other hazardous materials; and (h) establish mandatory nutritional content labeling and disclosures, including on menus, and impose restrictions on certain types of cups and containers. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your franchise and should consider both their effect and cost of compliance.

In 2020, 2021 and 2022, due to the global coronavirus pandemic, some state and local government agencies and at some point possibly the federal government have ordered (or suggested) that Restaurants temporarily close for dining or have otherwise severely limited the ability to operate Restaurants, including without limitation through restrictions, including capacity restrictions, or prohibitions on the conduct of in restaurant dining and/or outdoor dining. We cannot predict what other government orders or suggestions may be adopted in response to the coronavirus pandemic or how long these conditions will last but anticipate that they will have a considerable impact on our business and that of our franchisees for at least a short-term basis.

ITEM 2

BUSINESS EXPERIENCE

John Peyton—Chief Executive Officer, Dine Brands:

Mr. Peyton was appointed as Chief Executive officer of Dine Brands effective January 4, 2021. From October 2016 until November 2020, he served as President and Chief Executive Officer of Realogy Franchise Group LLC in Madison, New Jersey. Prior to October 2016, Mr. Peyton spent 17 years with Starwood Hotels and Resorts Worldwide in Stamford, Connecticut, holding various positions including Chief Marketing Officer, Senior Vice President of Global Operations and Chief Operations Officer, North America Hotel Division, among others.

Jay D. Johns – President, IHOP:

Mr. Johns has served as President of IHOP since June 2019. From April 2017 until June 2019, he was the Senior Vice President, Operations of IHOP. He served as an executive officer of certain of our affiliates from November 2013 to April 2017. Prior to November 2013, he held various management positions with Dine Brands and its subsidiaries.

Vance Chang – Chief Financial Officer, Dine Brands and IHOP:

Mr. Chang was appointed as Chief Financial Officer of Dine Brands effective June 14, 2021. From November 2019 to June 2021, he served as the Chief Financial Officer of Exer Urgent Care in El Segundo, California. From April 2016 to November 2019, he served as the Chief Financial Officer for Yoga Works in Culver City, California. From August 2013 to April 2016, he served as Head of Corporate Finance for Pressed Juicery in Santa Monica, California.

Scott Gladstone – President, International and Global Development, Dine Brands:

Mr. Gladstone has served as President, International and Global Development of Dine Brands since January 2023. From June 2021 until January 2023, he was Senior Vice President of Strategy and Innovation for Dine Brands. From August 2017 until June 2021, he was Vice President of Applebee's Strategy and Development..

Kieran Donahue –Chief Marketing Officer, IHOP:

Ms. Donahue was appointed as Chief Marketing Officer of IHOP effective February 22, 2021. From December 2015 to October 2020, she was the Vice President, Brand, Marketing & Digital (Americas) of Marriott International, Inc. in Washington D.C.

Christine K. Son – Board of Managers and Senior Vice President, Legal, General Counsel and Secretary:

Ms. Son has served as Senior Vice President, Legal, General Counsel and Secretary and was appointed to IHOP's Board of Managers effective April 23, 2021. Ms. Son joined Dine Brands in 2011, and has served as Vice President, Deputy General Counsel and Assistant Secretary of Dine Brands since 2019 and as Vice President, Associate General Counsel from 2014 to 2019.

Justin Skelton – Chief Information Officer, Dine Brands:

Mr. Skelton has served as Chief Information Officer since June 2020. From April 2020 to June 2020, he was Interim Chief Information Officer. From June 2019 to April 2020, Mr. Skelton was Vice President, IT Infrastructure and Operations. He was Vice President, Infrastructure, Support, and Operations for CVS Health Corporation located in Scottsdale, Arizona from February 2016 to June 2019. Prior to that Mr. Skelton worked at Bank of America / Merrill Lynch, based in Irvine, CA from July 2008 to April 2015 and served in a variety of executive roles, most notably as CIO Insurance Services Division and CTO of Home Loans and Insurance.

Charles Scaccia – Senior Vice President, Operations, IHOP:

Mr. Scaccia has served as Senior Vice President, Operations of IHOP since June 2019. From November 2015 until June 2019, he was the East Division Vice President, Franchise Operations of IHOP. From February 2013 until November 2015, he was the West Division Vice President, Franchise Operations of IHOP.

Jacob B. Barden – Vice President, Development, IHOP:

Mr. Barden has served as Vice President, Development of IHOP since August 2021. From August 2020 until August 2021, he was Area Franchise Lead for Restaurant Brands International located in Miami, Florida. From September 2016 until August 2020, he was Director, Franchise Development, for Intercontinental Hotel Group located in Atlanta, Georgia.

Gary P. DuBois – Vice President, Quality Assurance, Dine Brands:

Mr. DuBois has served as Vice President, Quality Assurance of Dine Brands since March 2009. He has also served as an executive officer of certain of our affiliates since March 2009.

Bernard J. Angelo – Independent Manager:

Mr. Angelo has served as Independent Manager for IHOP since July 2014. Since July 2014, Mr. Angelo has also served as Independent Manager for Applebee's. Since April 1997, Mr. Angelo has served as Senior Vice President and Director of Global Securitization Services, LLC, located in Melville, NY.

Kevin P. Burns – Independent Manager:

Mr. Burns has served as our Independent Manager since our formation on July 28, 2014. Since July 28, 2014, Mr. Burns has also served as Independent Manager for Applebee's. Since December 1996, Mr. Burns has served as President and Director of Global Securitization Services, LLC, located in Melville, NY.

ITEM 3

LITIGATION

Pending Litigation

No pending litigation is required to be disclosed under this Item 3.

Concluded Litigation

(1) *Irvine Food Corp. v. Dine Brands Global, Inc., et al.* (Superior Court of the State of California, County of Los Angeles), Case No. 19GDCV00749. On June 7, 2019, former franchisee Richard Miano, sole owner of Irvine Food Corp., filed a complaint against Dine Brands, IHOP, and its affiliates ("Dine Parties"). The complaint alleges that the Dine Parties failed to successfully negotiate a lease extension for Mr. Miano's IHOP located in Irvine, California. As a result of the landlord's decision to select another tenant to occupy the property, Mr. Miano was unable to continue operating his restaurant at the Irvine location. The complaint alleges claims for breach of contract, misrepresentation, violation of business and profession code § 20025, breach of the covenant of good faith and fair dealing, and unfair business practices. On July 11, 2019, the Dine Parties moved to compel arbitration and Plaintiff agreed to arbitrate the case. On March 16, 2021, the arbitrators found in the Dine Parties' favor on all claims. On April 23, 2021, the arbitrators awarded the Dine Parties $1,266,515.10 in costs and attorney's fees.

(2) *Himelda Mendez v. IHOP Restaurants LLC* (United States District Court for the Southern District of New York), Case No. 1:19-cv-9854. On October 25, 2019, Himelda Mendez filed a class action complaint against IHOP, alleging that IHOP failed to include Braille on its gift cards, in violation of the ADA and New York disability access laws. The matter settled for $7,000 and was dismissed on July 29, 2020.

(3) *IHOP Restaurants LLC v. 1385-Tyler, Inc. and Meredith Elston* (United States District Court, Eastern District of Texas), Case No. CV 20-cv-00099-JDK. After providing franchisee with notice that IHOP did not intend to extend the expiration date of his franchise agreement and requesting that he turn-over the restaurant by the February 23, 2020 expiration date, IHOP commenced this action on February 25, 2020 to enforce its rights and to enjoin franchisee from continuing to operate the restaurant. The parties reached a resolution of this matter and IHOP voluntarily dismissed the case on June 12, 2020.

(4) *Crystal Williamson v. Brooklyn Hop 2 LLC, et al.* (United States District Court for the Eastern District of New York), Case No.1:18-cv-05615-AMD-SMG. On October 9, 2018, Crystal Williamson, a former employee of franchisee Brooklyn Hop 2 LLC, filed a class action complaint against the franchisee, DineEquity, Inc., IHOP, and its affiliates ("Dine Parties"). The complaint alleges Defendants violated federal and state antitrust laws by agreeing to non-solicitation and no-hire provisions in the franchise agreements. On May 7, 2019, the parties reached a settlement in which Plaintiff received a payment of $9,500.00.

(5) _Heartland Consumer Products, LLC, et al. v. DineEquity, Inc., et al._ (United States District Court for the Southern District of Indiana), Case No. 1:17-cv-01035-SEB-TAB. On April 3, 2017, Heartland Consumer Products LLC and TC Heartland LLC, the manufacturer of a sucralose-based sugar substitute branded as Splenda, filed suit against DineEquity, Inc. and its affiliates ("DineEquity"). The complaint alleged that DineEquity infringed upon Heartland's alleged trademark rights in Splenda. The complaint asserted claims for trademark infringement, false designation of origin, unfair competition, and trademark dilution. On September 26, 2018, the parties reached a settlement, wherein DineEquity agreed to allow the Plaintiff's tabletop sweeteners to be the exclusive tabletop sweeteners in the system.

(6) _IHOP Restaurants LLC, et al. v. Moeini Corporation_ (United States District Court for the Southern District of Alabama), Case No. 17-cv-570. After terminating the franchisee for multiple operational failures, IHOP commenced this action on December 29, 2017 to enforce its termination rights and to enjoin the franchisee from continuing to operate the restaurants. On February 7, 2018, the federal court granted IHOP's motion for a preliminary injunction to enjoin the franchisee from operating the restaurants and using IHOP's trademarks. On February 4, 2019, IHOP filed a notice of voluntary dismissal.

(7) _Azhar Chaudhry; ARS Restaurant, Inc.; and Lucky Star #5409, Inc. v. International House of Pancakes, LLC_, Civil Case No. 15-cv-3504 (N.D. Ill.) and _In re Lucky #5409, Inc. and Azhar Chaudhry_ (United States Bankruptcy Court for the Northern District of Illinois), Case No. 16-16264 (N.D. Ill.). After receiving notice for operational failures, on April 21, 2015, the franchisee sued IHOP alleging breach of contract, discrimination, and violations of the Illinois Franchise Disclosure Act. On August 26, 2015, the court granted IHOP's motion for a preliminary injunction to enjoin the franchisee from using IHOP's trademarks and dismissed the franchisee's complaint. On September 2, 2015, the franchisee appealed the court's orders to the Seventh Circuit Court of Appeals. The Seventh Circuit appeal was stayed upon franchisee's filing of his bankruptcy case on May 13, 2016. Subsequently, the appeal was dismissed. On May 13, 2016, franchisee Azhar Chaudhry and an affiliated entity, Lucky #5409, Inc., the owner and operator of one Restaurant located in Bridgeview, Illinois, voluntarily filed for Chapter 11 bankruptcy protection. On December 28, 2017, the Restaurant was transferred to another franchisee with IHOP's consent.

(8) _IHOP Restaurants, LLC v. Len-W Foods, Inc._, Civil Case No. 1:15-CV-2600-SCJ (N.D. Ga.) After receiving notice for operational failures, on July 14, 2015, the franchisee sued IHOP to prevent termination of the franchise agreement. On July 21, 2015, IHOP removed the action to federal court. On September 18, 2015, the federal court granted IHOP's motion for a preliminary injunction to enjoin the franchisee from operating the Restaurant and using IHOP's trademarks. On April 5, 2016, the court granted judgment in IHOP's favor and awarded IHOP attorneys' fees in the amount of $71,787.45 and costs in the amount of $255.07.

(9) _In re HOP 1 Enterprises, Inc._ (United States Bankruptcy Court for the District of Hawaii), Case No. 15-00397 (D. Haw.). On March 30, 2015, franchisee HOP 1, which owns and operates one Restaurant located in Maui, voluntarily filed for Chapter 11 bankruptcy protection. On January 6, 2016, IHOP objected to franchisee's plan of reorganization. On December 15, 2017, the parties entered into a settlement agreement wherein the ownership interests in the franchisee entity will be transferred to an IHOP approved individual.

(10) _Lorraine Enterprises L.C. v. International House of Pancakes, Inc._ (United States District Court, Eastern District of Tennessee Court Case No. 3:07-CV-373) On or about September 27, 2007, a complaint for injunctive relief was filed by Lorraine Enterprises, L.C., a franchisee of five IHOP Restaurants in Texas, against IHOP, Inc. alleging breach of contract, violation of the implied covenant of good faith and fair dealing, violation of the California Franchise Relations Act, violation of the Texas Deceptive Trade Practices Act, and tortious interference with contracts and with prospective business advantage, claiming that IHOP improperly terminated plaintiff's franchises. Concurrently, a demand for arbitration was filed by the franchisee against IHOP with the American Arbitration Association in Los Angeles, California. These actions were in response to a notice of default and termination sent by IHOP on or about August 24, 2007 for each of

the five IHOP Restaurants due to the alleged unauthorized assignment of ownership interests in the franchisee. The matter was settled in June, 2008 whereby IHOP was paid the sum of $375,000.00 in consideration for the withdrawal and cancellation of the notices of default. The federal claims and demand for arbitration were dismissed with prejudice and the injunction was vacated.

(11) Alex Ikbariah and I & K Enterprises, Inc. v. International House of Pancakes, Inc., et al. (Chancery Court for the State of Tennessee, 30th Judicial District Court, Shelby County, Case No. CH-06-0824-1). On or about April 25, 2006, an action was filed by Alex Ikbariah, a current IHOP franchisee of three IHOP Restaurants in Michigan and Tennessee, and I & K Enterprises, Inc., a former IHOP franchisee (which is owned and/or controlled by Mr. Ikbariah) of an IHOP Restaurant in Tennessee, against IHOP, Inc., IHOP Corp., IHOP Properties, Inc. and a former IHOP employee, alleging fraud, unfair and deceptive trade practices, extortion, disparate treatment, defective software, and failure to approve the sale of an IHOP Restaurant by requiring the Plaintiff to pay obligations owed to IHOP with respect to an IHOP Restaurant abandoned by the Plaintiff (which IHOP maintains was a condition of assignment as set forth in the franchise agreement), and seeking rescission of the franchise agreement, sublease, equipment lease and promissory note for the abandoned IHOP Restaurant, damages, including punitive damages, attorney fees and costs in excess of $3 million. IHOP denied the allegations. The matter was settled in December 2009. Pursuant to a Settlement Agreement and Release of Claims, Mr. Ikbariah paid IHOP $80,000 and the action was dismissed.

(12) IHOP IP, LLC et al v. Nazimuddin Hashim, et al. (United States District Court, District of California (the "Court"), Case No. CV 09-9130 GHK (AJWx)). In December, 2009, IHOP IP, LLC, IHOP Franchising, LLC and IHOP LLC filed an action against the franchisee of an IHOP Restaurant in Simi Valley, California alleging trademark infringement, unfair competition, unfair competition and false advertising, common law unfair competition, and breach of contract, and seeking specific performance and declaratory relief based on the franchisee's continued operations after the franchise was terminated for failure to remodel the Restaurant pursuant to the terms of the franchise agreement, as amended. In January, 2010, IHOP filed a motion for preliminary injunction to require the franchisee to cease using IHOP's trademarks in the operation of the Restaurant. In February 2010, the franchisee filed a counterclaim seeking declaratory relief and injunctive relief, alleging breach of contract, breach of the implied covenant of good faith and fair dealing, fraud in the inducement, negligent misrepresentation, statutory unfair competition, and unfair trade practices. IHOP denies the allegations and intends to vigorously pursue its claims and defenses. In March, 2010, the court granted IHOP's motion for a preliminary injunction. On January 12, 2011, a Judgment Pursuant to Stipulation was filed with the Court pursuant to which a permanent injunction in favor of IHOP was granted, franchisee was ordered to pay the sum of $50,000 to IHOP and franchisee received nothing on its counterclaim.

(13) I.H.O.P. No. 46-3, Inc. and Jennifer Alaimo v. International House of Pancakes, Inc., IHOP Properties, Inc. and International House Associates, (NJ Superior Court Bergen County (Chancery Division), Civil Action No. C-61-11, removed to The United States District Court for the District of New Jersey, Case No. 11-cv-01044-WJM-MF). On February 22, 2011, our franchisee I.H.O.P. No. 46-3, Inc. (the "Franchisee") and its owner Jennifer Alaimo (collectively referred to as "Plaintiffs") filed an action against us, our affiliate IHOP Properties, Inc. and International House Associates (the Landlord for the property from which the Franchisee operates its franchised IHOP Restaurant). The Plaintiffs claimed that we violated the New Jersey Practices Act and breached the franchise agreement and the implied covenant of good faith and fair dealing as a result of our requiring the Plaintiffs to pay a "re-franchising fee" and enter into a new franchise agreement which contains terms that are materially different than the terms of the franchisee's existing franchise agreement. The Plaintiffs sought injunctive relief to require us to: (i) together with IHOP Properties, Inc. enter a lease extension with the Landlord; and (ii) enter a renewal franchise agreement with the Franchisee under the terms and conditions of its existing franchise agreement. The Plaintiffs also sought compensatory, consequential and statutory damages as well as attorneys' fees and costs. On February 24, 2011, we filed a petition to remove the case from the Superior Court for the State of New Jersey to the United States District Court for the District of New Jersey. On March 15, 2011, the U.S. District Court remanded the case to the Superior Court for the State of New Jersey on jurisdictional grounds. On June 2, 2011, the parties agreed to submit the dispute to binding arbitration before the American Arbitration Association and the other action was

dismissed. On or about October 20, 2011, the Franchisee signed a current form franchise agreement and withdrew the arbitration demand.

(14) Candice Watkins v DineEquity, Inc. et al. (Superior Court New Jersey, Camden County, Case No. L-5406-11). On or about October 31, 2011, named plaintiff Candice Watkins filed a class action lawsuit on behalf of herself an all others similarly situated alleging that IHOP Restaurants in New Jersey violate the state's Consumer Fraud Act and Truth in Consumer Contract Warranty and Notice Act by not disclosing beverage prices on menus. Defendants removed the case from state court to federal court on or around December 9, 2011. On or around March 12, 2012, plaintiff amended her complaint and alleged only the claim for Truth in Consumer Contract Warranty and Notice Act. The court granted Defendants' motion to dismiss on August 29, 2012, but gave plaintiff an opportunity to amend the complaint. Defendants filed another motion to dismiss the complaint, which was granted with prejudice on January 30, 2013. Plaintiff filed a Notice of Appeal on February 6, 2013. The oral argument for the appeal was heard by the Third Circuit of Appeals on November 7, 2013. On November 7, 2014, the Third Circuit affirmed the dismissal of the case.

Defendants removed this matter to federal court on August 25, 2010 and filed a Motion to Dismiss. IHOP prevailed on its motion to dismiss. On or about April 14, 2011, Plaintiff filed a Notice of Appeal with the Ninth Circuit Court of Appeal. On March 28, 2013, the Ninth Circuit affirmed the dismissal of the matter. On May 17, 2013, IHOP filed an application seeking an award of attorneys' fees, which was granted.

(15) *In re A&F Enterprises, Inc. II, et al*. (United States Bankruptcy Court for the Northern District of Illinois, Case No. 13-C-7020). In February 2013, franchisee Ali Alforookh and the entities through which he owned and operated 19 Restaurants located in Illinois, Wisconsin and Missouri filed for bankruptcy protection. As a result of an order issued by the bankruptcy court, two of the 19 Restaurants were returned to Franchisor in the third quarter of 2013. Within the bankruptcy proceedings, the franchisee asserted adversarial proceedings against Franchisor, alleging violations of the franchise agreements. The Court granted IHOP's motion to stay the adversary proceeding in favor of the arbitration provisions in the agreement. The franchisee's adversary proceeding was subsequently dismissed. IHOP also brought adversary proceedings against the Debtors, and sought to terminate Debtors' exclusivity to propose a plan of reorganization on the grounds of incurable defaults of the franchise agreements, including underreporting of sales, and underpayment of royalties. In May 2014, the Chapter 11 trustee appointed an interim manager to operate the remaining 17 Restaurants. The trustee subsequently closed two of these Restaurants where the franchise agreements had expired during the bankruptcy proceedings. In June 2014, the remaining 15 Restaurants were transferred by the trustee to an existing franchisee, who will operate the Restaurants going forward. Franchisor and its affiliates received $900,000 during the second quarter of 2014 as well as $197,000 in the third quarter of 2014, including amounts due to the Franchisor for real estate taxes, gift card liabilities, and unpaid royalties resulting from the franchisee's underreporting of sales. IHOP is no longer a party to the underlying bankruptcy case which is continuing.

(16) *R-Hops, Inc. v. IHOP Franchising, LLC (Arbitration)*, American Arbitration Association Case No. 01-14-00003944. On or about May 8, 2014, claimant R-Hops commenced arbitration against Franchisor alleging that the franchisor entered a franchise agreement with a third party to open another IHOP Restaurant within its exclusive territory. On September 22, 2015, the arbitrator ruled in IHOP's favor on all claims and awarded IHOP $29,060.36 in attorneys' fees and costs.

(17) *Shouvik, LLC v. International House of Pancakes, LLC*, Case No.: 47-CV-2014-902085.00 was initiated by franchisee, Shouvik, LLC, on October 7, 2014 in Alabama State Court (Madison County). The complaint alleges breach of contract regarding IHOP's termination of the franchise agreement and breach of covenant of good faith and fair dealing. Shouvik, LLC is seeking a preliminary injunction and a request for declaratory and injunctive relief. This matter was removed to United States District Court for the Northern District of Alabama, Case No.: 5-14-CV-02116-AKK on October 31, 2014. On November 7, 2014, International House of Pancakes, LLC as the franchisor filed an answer and counterclaim for trademark infringement, unfair competition, ejectment, unlawful detainer and breach of contract. IHOP filed its own

preliminary injunction motion in federal court. On December 29, 2014, the Court ruled in IHOP's favor and entered an order that the franchisee surrender the Restaurant to IHOP immediately. On February 13, 2015, the matter was ordered to arbitration. On April 4, 2016, the arbitrator ruled in IHOP's favor on all claims and awarded IHOP $200,887.47 in compensatory damages, attorneys' fees and costs.

(18) *Pasqual, Inc. et al. v. IHOP Franchise Company LLC, et al.*, Civil Case No: 14-cv-07521-JS-SIL (E.D.N.Y.) On or about December 24, 2014, the franchisee initiated litigation against the franchisor and sought to extend the franchise agreement beyond the expiration of that franchise agreement. On March 19, 2015, the federal magistrate judge denied the franchisee's motion for a preliminary injunction. The matter proceeded in arbitration. On June 7, 2016, the arbitrator ruled in IHOP's favor on all claims and the parties entered a settlement agreement requiring franchisee to pay IHOP $300,000, which included attorney's fees and costs, dismiss the federal court action and de-identify the Restaurant.

No other litigation is required to be disclosed in this Item 3.

ITEM 4

BANKRUPTCY

Vance Chang is the Chief Financial Officer of IHOP Franchisor LLC and Dine Brands. Prior to this role he was the Chief Financial Officer of YogaWorks, Inc. Mr. Chang left YogaWorks in November of 2019. On October 14, 2020, YogaWorks filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware due to COVID-19-related business pressures. YogaWorks has its principal place of business at 2215 Main Street, Santa Monica, CA 90405.

ITEM 5

INITIAL FEES

Initial Franchise Fee. The Initial Franchise Fee is non-refundable.

You will develop up to a specified number of IHOP and/or IHOP Express Restaurants within your franchise area per a negotiated schedule. You will be responsible for constructing and equipping the Restaurants. On signing the IHOP NT MUFA, you will not pay a fee. For each Restaurant you develop, you must sign a separate NT FA and pay an Initial Franchise Fee equal to $25,000 for each Full-Service Restaurant and $15,000 for each Limited-Service Restaurant. We reserve the right in our discretion to reduce or waive these fees in certain circumstances. The fees disclosed in this section are subject to variance in accordance with the terms of the Development Incentive Program.

Renewals and Extensions. If you are presently signing an NT FA in connection with a renewal term, then your existing IHOP NT MUFA will govern the amount of the Initial Franchise Fee payable to us, if any. As of the date of this Disclosure Document, the Initial Franchise Fee for a renewal NT FA to extend your right to operate your Restaurant upon the expiration of your existing NT FA is $5,000.00 ("Renewal Fee"). We may also vary the amount of the Initial Franchise Fee or Renewal Fee based upon the type of Restaurant you develop.

Although this disclosure document uses the term "renewal," it refers to extending our relationship at the end of your initial term and you must, at our option, sign a new IHOP NT MUFA and/or NT FA that may have materially different terms and conditions than your original contract.

Range of Initial Franchise Fees. During Fiscal 2022, the Initial Franchise Fees paid by IHOP franchisees pursuant to agreements under programs described in this Disclosure Document did not vary from the standard Initial Franchise Fees mentioned above except that one franchisee with multiple obligations paid a franchise of $20,000 for each Full-Service Restaurant developed.

No Refund of Initial Franchise Fees. The Initial Franchise Fee is not refundable except to the limited exten provided for in the Development Incentive Program.

Financing of Initial Franchise Fees. IHOP does not generally finance any of the Initial Franchise Fee payable under the NT FA.

Opening Training Support Fees. At its sole discretion, IHOP will determine the opening training needs for each location. If we determine you will need training support and/or operational assistance to open your Restaurant, you will pay an Opening Training Support Fee between $0 and $55,000 for each Full-Service Restaurant and between $0 and $27,500 for each Limited-Service Restaurant upon execution of your agreement, based upon the number of trainers deemed necessary by IHOP. This fee is subject to increase if the opening schedule changes or if overtime is requested.

Technology: Point-of-Sale ("POS") Setup, Training and Support. If we determine you will need POS setup, training and support for a new Restaurant opening, you will pay us or the vendor $7,980 plus airfare for onsite implementation support for each of your first three Restaurant openings. Beginning with your fourth Restaurant, you may opt for remote POS setup, training and support for the cost of $3,500.

Payments for Goods Received from Franchisor. You must purchase and cause to be delivered and installed before the opening of the Restaurant(s), certain items of equipment and an inventory of smallwares. You may purchase these items of equipment and smallwares from any supplier which is approved by IHOP or from IHOP or an IHOP Affiliate, if it sells such items. If you elect to order and purchase any smallware items from IHOP or an IHOP Affiliate, if it sells the items, the cost will be between approximately $5,000 and $30,000, depending on the items purchased for each Full-Service Restaurant and between approximately $5,000 and $20,000, depending on the items purchased for each Limited Service Restaurant.

ITEM 6

OTHER FEES

Type of Fee [1]	Amount	Due Date	Remarks
Royalty	4.5% of total gross sales [2]	Payable weekly on the Wednesday of the next week	Gross sales include all revenue from the Restaurant except sales or use tax.
National Advertising Fee	Up to 3.5% of gross sales[3]	Same as Royalty fee	Franchisees owning and operating Restaurants at Traditional Venues may pay at a different rate.
Local Advertising Expenditure Requirement	Up to 1% of total gross sales[4]	Proof of expenditures for approved marketing required annually	Payable to third parties for marketing.
Additional Training Fee	$5,000 per person per Restaurant	Prior to training	Payable if your leader is replaced, requiring the new leader to complete Initial Training.
Compliance Audit Fee and Interest	Interest on the understated or unpaid amounts due to us at the highest rate allowed by law[5] plus cost of audit	On demand	Interest is due on any understated or unpaid amounts due to franchisor. Audit fee is payable if audit shows an understatement of at least 2% of gross sales for

Type of Fee [1]	Amount	Due Date	Remarks
			any period, or if you fail to produce records.
Delayed Development Fee	$350 per day for Full-Service Restaurant; $180 per day for Limited-Service Restaurant	Upon your request for additional time	Payable for up to 180 days[6] Delayed Development Fees may be waived where the delay is outside of your control.
Dine Brands Franchisee Technology Services Support (Help Desk)	$1,000 to $1,800 per year, subject to change	30 days after billing	This service is optional.
Self-Supported Franchisee Technology Services Support	$275-$400 per service/incident	30 days after billing	If franchisee chooses to not use Dine Brands Franchisee Technology Services Support (Help Desk), these optional fees apply when the applicable services are requested by franchisee.
Digital Products Service Fee	$0 to $350 per month	30 days after billing (billed annually)	We require "FlyBuy", guest payment and ordering from their own device ("Bring Your Own Device"), and other digital products. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.
Punchh and loyalty program	$0 to $100	Upon demand	These fees are paid indirectly through contributions to the National Advertising Fund and are required to be enabled as part of the IHOP loyalty program.
BYOD/Pay 'N' Go	$0 to $100	Upon demand	These fees are paid indirectly through contributions to the National Advertising Fund and are required to be enabled as part of the IHOP loyalty program.
Implementation Fees	$250 to $1500	Upon demand	These fees relate to deployment and support for hardware, software and upgrades, as well as other products.
Insurance [7]	Amount of unpaid premiums	Upon demand	Payable only if we elect to obtain coverage upon your failure to do so.
Late Fee	Highest rate permitted by law or 1% per month, whichever is less	Continues to accrue until paid	Payable if you are late paying any amount due IHOP or an IHOP Affiliate.
Renewal Fee	$5,000	Upon execution of renewal agreement	Payable upon execution of renewal NT FA (*see* Item 5).
Transfer Fee	$7,500 plus $5,000 training fee per person per Restaurant	50% of Transfer Fee payable at the time you notify IHOP of the proposed transfer, and	Payable if you are approved to sell your franchise. Includes training fee for two people for 1 year. All or part

Type of Fee [1]	Amount	Due Date	Remarks
		the balance payable by the effective date of transfer. Training fee payable prior to commencement of training, prior to transfer.	of the training fee may be waived to the extent that, in our judgment, training is not required.
Food Safety Evaluation Reaudit Fee [8]	$0 to $1,220	Upon demand.	See Note (8)
Egg Audit [9]	$0 to $500	Upon demand.	See Note (9)

NOTES: (1) All fees, unless otherwise noted, are imposed by and are payable to IHOP. All fees are non-refundable, unless otherwise noted.

(2) Depending upon the terms negotiated, the Continuing Royalty may be reduced or eliminated for a period of time either throughout the term of the Franchise, or in other cases, for a limited period, then remain at 4.5% for the balance of the term. We also reserve the right in our discretion to reduce or eliminate the Continuing Royalty in other circumstances. The royalty is also subject to variance in accordance with the terms of the Development Incentive Program described herein.

(3) The National Advertising Fee will range from 1% to 3.5% of gross sales, depending on the level of advertising support ("Level") assigned to your Restaurant. There are three Levels. Your Restaurant's Level will be determined by us based on a combination of factors, including but not limited to, the placement and visibility of your Restaurant in relation to the venue, ease of parking, flow of traffic, pedestrian access and your Restaurant's menu offerings (full-menu or limited menu). The assignment of your Restaurant's Level is our sole and ultimate decision.

The National Advertising Fees for the Levels are:

Level 1: 3.5% of gross sales

Level 2: 2% of gross sales

Level 3: 1% of gross sales

(4) The Local Advertising Expenditure Requirement will range from 0% to 1% of gross sales, depending on your Restaurant's Level. The Local Advertising Expenditure Requirement for the Levels are:

Level 1: 0% of gross sales

Level 2: 1% of gross sales

(5) Interest begins from the date of the underpayment.

(6) Although time is of the essence, IHOP may in its sole discretion agree to grant you additional time of up to 1 year beyond the date set forth in the IHOP NT MUFA to open the Franchised Restaurant. In consideration for IHOP granting this additional time and agreeing to forestall termination of the IHOP NT MUFA, you must pay a fee to IHOP in an amount to be determined by IHOP in its sole discretion, not to exceed $10,000. The fee can vary depending upon factors such as the status of the development, reasons for your inability to meet the scheduled opening date, the level of effort exhibited by you in the development process and the amount of additional time requested.

(7) You must maintain insurance of the types and minimum amounts (naming IHOP, including its parent and our designated subsidiaries and affiliates, and respective officers, directors, members, managers, employees, agent, successors and assigns of IHOP, as additional insureds) that we specify in the Standard Operation Procedures Manuals (as amended, restated, supplemented or otherwise modified from time to time in our sole discretion, "Operations Manuals") or supplementary insurance bulletins issued by us from time to time ("Insurance Bulletins). Insurance policies may not be subject to cancellation without 10 days' prior written notice to us. You must provide certificates of insurance evidencing coverage on an ongoing basis. You may obtain additional insurance as you may desire.

(8) If your Restaurant fails a routine food safety evaluation ("FSE"), it will receive an automatic unannounced FSE reaudit prior to the next routine FSE. You will be billed (either by IHOP or the

third party) and must promptly pay the approximately $305 cost of the reaudit, which amount is subject to change from time to time. If your Restaurant fails the FSE reaudit, additional FSE reaudits will be conducted at your sole cost and expense until your Restaurant passes. If you have any unpaid FSE reaudit invoices, all pending reaudits for the franchisee may be put on hold. The $1,220 figure represents a Restaurant that requires 4 FSE reaudits but note that you must pay for the costs of all reaudits until your Restaurant passes unless otherwise agreed to in writing by IHOP. See Item 8 for details.

(9) If your Restaurant fails shell and/or liquid egg temperatures (> 41°F) during a routine FSE or FSE reaudit, it will receive an automatic unannounced egg audit prior to the next routine FSE or FSE reaudit. You will be billed (either by IHOP or the third party and must promptly pay the approximately $125 cost of the egg audit, which amount is subject to change from time to time. If an FSE reaudit was also triggered, the egg temperatures observed during the FSE reaudit may be used in place of an egg audit. If your Restaurant fails the egg audit, an additional egg audit will be conducted at your sole cost and expense. The $500 figure represents a Restaurant that requires 4 egg audits but note that you must pay for the costs of all egg audits until your Restaurant passes unless otherwise agreed to in writing by IHOP.

ITEM 7

ESTIMATED INITIAL INVESTMENT

<u>YOUR ESTIMATED INITIAL INVESTMENT</u>
<u>FULL-SERVICE RESTAURANT</u>

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (2)	$25,000	$25,000	Certified or cashier's check or wire transfer	On signing of the NT FA.	IHOP
Real Estate (3)	$10,000	$45,000	As required by landlord	Per lease.	Landlord
Construction	$350,000	$2,600,000	As required by contractor, architect, engineers, government, etc.	Per contracts and governmental requirements for permits and fees.	Contractors and vendors
Major Equipment, and Fixtures	$150,000	$525,000	As required by suppliers	Per purchase agreements.	Suppliers
Smallware Package/Opening Order	$5,000	$30,000	As required by suppliers	Per terms of purchase agreements.	Suppliers, IHOP or an IHOP Affiliate (if available)
Signage	$25,000	$100,000	As required by suppliers	Per purchase agreement(s).	Suppliers
Inventory	$10,000	$100,000	As required by suppliers	Per purchase agreement(s).	Suppliers

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Working Capital	$10,000	$100,000			You retain
Insurance (4)	$35,000	$100,000	As required by suppliers	As required by suppliers.	Suppliers
Site Approval Costs (5)	$0	$50,000	As required by suppliers	As required by suppliers.	Suppliers
Opening Training Support Fee (6)	$0	$55,000	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS Setup, Training and Support Fee (7)	$3,500	$7,980	Certified or cashier's check or wire transfer	Upon invoice.	IHOP or POS vendor
Tray POS Software Fees (8)	$1,100 per year	$3,300 per year	As required by suppliers	45 days after receiving invoice.	Suppliers
Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") Services (9)	$1,000 per year	$2,500 per year	As required by suppliers	Upon your request for service.	Suppliers
Wi-Fi Services (10)	$90 per month	$400 per month	As required by suppliers	Upon your request for service.	Suppliers
Kitchen Display System (11)	$15,000	$30,000	As required by suppliers	Upon set up.	Suppliers
Server Tablets with Payment Device (12)	$7,500	$30,000	As required by suppliers	Upon purchase.	Suppliers
On-Line Ordering (13)	$65 per month	$200 per month	As required by suppliers	Upon demand.	Suppliers
Mobile Device Management ("MDM") Fee (14)	$12 per year	$480 per year	As required by suppliers	Upon invoice.	IHOP
Digital Products Service Fee (15)	$0 per month	$350 per month	Certified or cashier's check or wire transfer	30 days after billing (billed annually).	IHOP or supplier
Implementation Fees (16)	$250	$1,500	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS System Hardware (17)	$20,000	$30,000	As required by suppliers	Upon demand.	Suppliers

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Wait Listing (18)	$15 per month	$69 per month	As required by suppliers	Upon demand.	Suppliers
Curb Side Pick Up – Fly Buy/I've Arrived	$20 per month	$30 per month	As required by suppliers	Upon demand.	Suppliers
Customer Relationship Management ("CRM") Fee (19)	$0 per month	$150 per month	As required by IHOP	Upon demand.	IHOP
Catering (20)	$0 per month	$30 per month	As required by suppliers	Upon demand.	Suppliers
Ordering Kiosks (21)	$0	$6,700	As required by suppliers	Upon demand.	Suppliers
Initial Additional Training Expenses	$4,000	$7,000	As required by suppliers	As required by airline, hotel and Restaurants for transportation, car rental, lodging and meals during training.	Airline, hotel and Restaurants
Design Service Fee (22)	$6,700	$6,700	As required by suppliers	Per agreement(s) with suppliers.	Suppliers
Supply Chain Co-op Stock Purchase (23)	$0	$100	Check or money order	On signing the membership subscription agreement.	Pancake Supply Chain Co-Op, Inc.
Additional Funds – 3 months (24)	$16,500	$85,250	Checks	Payroll, utilities, attorneys, and accountants.	Employees, suppliers
Miscellaneous (25)	$5,000	$26,000	As required by suppliers	Per agreement(s) with suppliers. As required by governmental agencies, etc.	Suppliers and governmental agencies deposits
TOTAL (26)	$701,132	$3,971,197			

NOTES:

(1) All fees payable to IHOP are non-refundable, except as otherwise noted. Payments to third parties may be refundable depending upon your agreement with the third-party.

(2) We reserve the right in our discretion to reduce or waive the Initial Franchise Fee in certain circumstances. The Initial Franchise Fee may be waived for eligible Restaurants as described in the Development Incentive Program.

(3) The above figures assume that you will lease the Franchised Location from a third party and convert or construct the Restaurant, and we estimate these figures as the cost of 3 months' rent. The typical Restaurant is approximately 2,000 to 5,000 square feet on a lot of approximately 30,000 to 50,000 square feet. If you lease the real estate and/or building from a third party, you must make lease

payments typically on a monthly basis. Also, you may need to make security deposits with the Landlord. Unusual site preparation and utility connection costs and fees could increase costs. If you purchase the property, we estimate the cost will vary between $300,000 and $2 million.

(4) These figures assume that you will pay the entire insurance premiums for the first year on or before opening the franchise. Most franchisees, however, pay the premiums in installments which may be monthly, quarterly or semi-annually, and the actual initial investment would be lower. You may obtain additional insurance as you may desire. The estimated costs depend on the building square footage, sales, payroll and workers' compensation rates in the state in which the Restaurant is located. The insurable risks specified in the Operations Manuals and Insurance Bulletins are minimum coverages. We urge franchisees to consult with their insurance brokers or agents to determine appropriate additional coverages for them.

(5) You must obtain various photographs, surveys, demographic information packages, and similar items for submission to us in connection with obtaining approval of your proposed location.

(6) The amount of the fee will be based on the number of trainers deemed necessary by IHOP, in its sole discretion, unless waived by IHOP. The fee is subject to increase if opening schedule changes after IHOP has secured the Training Team or if overtime is requested and/or approved by IHOP. *See* Item 11 for details.

(7) The amount of the fee will be based on whether the POS support is onsite or remote. The support must be onsite for the first three Restaurants you open and will cost $7,800 plus airfare. Beginning with your fourth Restaurant, you may opt for remote support at the fee of $3,500.

(8) The current fees reflect software as a service pricing based on the number of devices and functionality used in the restaurant. *See* Item 11 for details.

(9) You currently must purchase this equipment and procure these services from an approved payment gateway vendor for credit card processing services. These figures include the estimated cost to purchase the equipment and a monthly fee of $53.

(10) You must achieve 50/20 internet bandwidth speed utilizing commercial grade hardware and including 4G or 5G back up and guest Wi-Fi to support restaurant operations and guests' needs. Wi-Fi connection is required in order to utilize IHOP Academy and other technology platforms. See Item 11 for further details.

(11) You must have a kitchen display system ("KDS") to monitor and organize orders received at your Restaurant.

(12) Server tablets are required. We require that you purchase one server tablet per server for the front of the house and you will need to have an approved service model that meets our specifications, as determined by us from time to time. Currently the required number of server tablets with payment device ranges from 8 to 12. These figures include the estimated cost to purchase the approximately 8 to 12 tablets, chargers, batteries, and skins.

(13) You must sign an Authorized Operator Agreement for access and use of an approved provider's on-line ordering system in form and substance approved by us. These figures include the estimated cost for services provided by Mobo Systems, Inc. and a payment gateway related to on-line ordering. *See* Item 8 for further details.

(14) This fee is required for all hardware in the restaurant. Fees are charged per terminal and range from $12 per device annually to $24 per device annually. See Item 11 for further details.

(15) Digital products currently include "FlyBuy", but guest payment and ordering from their own device ("Bring Your Own Device"), and other digital products may be required in the future. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.

(16) These fees relate to deployment and support for hardware and software upgrades, as well as other products.

(17) Subject to some exceptions, you must purchase or lease, depending on the program, an IHOP-approved POS computer system unless another IHOP approved system is agreed to in writing by IHOP in its sole discretion. The current cost of purchasing the POS computer system is between

$20,000 to $30,000 for POS hardware. All Restaurants must have a POS computer system that meets IHOP's specifications. This describes our current POS system and provider, however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees. See Item 11 for further details.

(18) Waitlist enables restaurants to seat more guests, more efficiently through a service provided by an approved Waitlist vendor. Waitlist is currently optional but may be required by us in the future.

(19) This fee may be funded by the National Advertising Fund or there could be all or a portion of the fees required to be paid directly by the Franchisee.

(20) Catering is currently optional but may be required in the future. The current approved supplier for catering is Mobo Systems, Inc.; however, we may, from time to time, evaluate and approve other vendors as an approved supplier.

(21) We may require you to purchase at least 2 independent ordering kiosks from one or more approved suppliers.

(22) We currently use Livit Design Service, but reserve the right to use another service supplier in the future.

(23) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.

(24) *See* "GENERAL NOTES" following the last table below.

(25) The amount includes such items as promotional programs, tax deposits, license fees, utility deposits, and other costs as may be applicable to each location.

(26) The above figures cover the cost to build one Full-Service Restaurant and includes 3 months of any amount set forth as a "per month" amount.

YOUR ESTIMATED INITIAL INVESTMENT
LIMITED-SERVICES RESTAURANTS: IHOP FAST-CASUAL RESTAURANT

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (2)	$15,000	$15,000	Certified or cashier's check or wire transfer	On signing of the NT FA.	IHOP
Real Estate (3)	$5,000	$25,000	As required by landlord	As required by landlord.	Landlord
Construction	$240,000	$768,000	As required by contractor, architect, engineers, government, etc.	Per contracts and governmental requirements for permits and fees.	Contractors and vendors
Major Equipment, and Fixtures	$180,000	$409,500	As required by suppliers	Per purchase agreements.	Suppliers
Smallware Package/Opening Order	$5,000	$20,000	Certified or cashier's check or wire transfer	Per purchase agreements.	Suppliers or IHOP or an Affiliate (at your election)
Signage	$15,000	$35,000	As required by suppliers	Per purchase agreements.	Suppliers

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Inventory	$3,000	$49,950	As required by suppliers	Per agreements with suppliers.	Suppliers
Working Capital	$5,000	$88,500	N/A	N/A	You retain
Insurance (4)	$25,000	$50,000	As required by supplier	As required by suppliers.	Suppliers
Site Approval Costs (5)	$0	$30,000	As required by suppliers	As required by suppliers.	Suppliers
Opening Training Support Fee (6)	$0	$27,500	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS Setup, Training, and Support Fee (7)	$3,500	$7,980	Certified or cashier's check or wire transfer	Upon invoice.	IHOP or POS vendor
Tray POS Software Fees (8)	$1,100 per year	$3,300 per year	As required by suppliers	45 days after receiving invoice.	Suppliers
Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") Services (9)	$1,000 per year	$2,500 per year	As required by suppliers	Upon your request for service.	Suppliers
Wi-Fi Services (10)	$90 per month	$400 per month	As required by suppliers	Upon your request for service.	Suppliers
Kitchen Display System (11)	$15,000	$30,000	As required by suppliers	Upon set up.	Suppliers
Server Tablets with Payment Device (12)	$7,500	$30,000	As required by suppliers	Upon purchase.	Suppliers
On-Line Ordering (13)	$65 per month	$200 per month	As required by suppliers	Upon demand.	Suppliers
Mobile Device Management ("MDM") Fee (14)	$12 per year	$480 per year	As required by suppliers	Upon invoice.	IHOP
Digital Products Service Fee (15)	$0 per month	$350 per month	Certified or cashier's check or wire transfer	30 days after billing (billed annually).	IHOP or supplier
Implementation Fees (16)	$250	$1,500	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS System Hardware (17)	$20,000	$30,000	As required by suppliers	Upon demand.	Suppliers
Waitlisting (18)	$15 per month	$69 per month	As required by suppliers	Upon demand.	Suppliers
Curb Side Pick Up – Fly Buy/I've Arrived	$20 per month	$30 per month	As required by suppliers	Upon demand.	Suppliers
Customer Relationship Management ("CRM") Fee (19)	$0 per month	$150 per month	As required by IHOP	Upon demand.	IHOP
Catering (20)	$0 per month	$30 per month	As required by suppliers	Upon demand.	Suppliers

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Ordering Kiosks (21)	$0	$6,700	As required by suppliers	Upon demand.	Suppliers
Initial Additional Training Expenses	$4,000 per person	$7,000 per person	As required by suppliers	As required by airline, hotel and Restaurants.	Airline, hotel and Restaurants
Design Service Fee (22)	$4,800	$6,700	As required by suppliers	Per agreement(s) with suppliers.	Suppliers
Supply Chain Co-op Stock Purchase (23)	$0	$100	Check or money order	On signing the membership subscription agreement.	Pancake Supply Chain Co-Op, Inc.
Additional Funds - 3 months (24)	$8,250	$42,625	As required by suppliers	As required by suppliers for payroll, utilities, attorneys, and accountants.	employees, suppliers
Miscellaneous (25)	$2,500	$13,000	As required by suppliers	Per agreement(s) with supplier. As required by governmental agencies, etc.	Suppliers and governmental agencies deposits
TOTAL (26)	$561,482	$1,704,022			

NOTES:

(1) All fees payable to IHOP are non-refundable, except as otherwise noted.

(2) We reserve the right in our proposed discretion to reduce or waive the Initial Franchise Fees in certain circumstances. The Initial Franchise Fee may be waived for eligible Restaurants as described in the Development Incentive Program.

(3) The above figures assume that you will lease the Franchised Location(s) from a third party and construct or convert the Restaurant, and we estimate these figures as the cost of 3 months' rent. The typical Restaurant is approximately 1,200 to 3,500 square feet. If you lease the real estate and building from a third party, you must make lease payments typically on a monthly basis. Also, you may need to make security deposits with the Landlord. Unusual site preparation and utility connection costs and fees could increase costs. If you purchase the property, we estimate the costs could vary between $300,000 and $2 million.

(4) These figures assume that you will pay the entire insurance premiums for the first year at or before opening your Restaurant. Most franchisees, however, pay the premiums in installments which may be monthly, quarterly or semi-annually, and the actual initial investment would be lower. You may obtain additional insurance as you may desire. The estimated costs depend on the building square footage, sales, payroll and workers' compensation rates in the state in which the Restaurant is located. The insurable risks specified in the Operations Manuals and Insurance Bulletins are minimum coverages. We urge franchisees to consult with their insurance brokers or agents to determine appropriate additional coverages for them.

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(7) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.

(8) The current fees reflect software as a service pricing based on the number of devices and functionality used in the restaurant. *See* Item 11 for details.

(9) You currently must purchase this equipment and procure these services from an approved payment gateway vendor for credit card processing services. These figures include the estimated cost to purchase the equipment and a monthly fee of $53.

(10) You must achieve 50/20 internet bandwidth speed utilizing commercial grade hardware and including 4G or 5G back up and guest Wi-Fi to support restaurant operations and guests' needs. Wi-Fi connection is required in order to utilize IHOP Academy and other technology platforms. *See* Item 11 for further details.

(11) You must have a kitchen display system ("KDS") to monitor and organize orders received at your Restaurant.

(12) Server tablets are required. We require that you purchase one server tablet per server for the front of the house and you will need to have an approved service model that meets our specifications, as determined by us from time to time. Currently the required number of server tablets with payment device ranges from 8 to 12. These figures include the estimated cost to purchase the approximately 8 to 12 tablets, chargers, batteries, and skins.

(13) You must sign an Authorized Operator Agreement for access and use of an approved provider's on-line ordering system in form and substance approved by us. These figures include the estimated cost for services provided by Mobo Systems, Inc. and a payment gateway related to on-line ordering. *See* Item 8 for further details.

(14) This fee is required for all hardware in the restaurant. Fees are charged per terminal and range from $12 per device annually to $24 per device annually. *See* Item 11 for further details.

(15) Digital products currently include "FlyBuy", but guest payment and ordering from their own device ("Bring Your Own Device"), and other digital products may be required in the future. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.

(16) These fees relate to deployment and support for hardware and software upgrades, as well as other products.

(17) Subject to some exceptions, you must purchase or lease, depending on the program, an IHOP-approved POS computer system, unless another IHOP approved system is agreed to in writing by IHOP in its sole discretion. The current cost of purchasing the POS computer system is between $20,000 to $30,000 for POS hardware. All Restaurants must have a POS computer system that meets IHOP's specifications. This describes our current POS system and provider, however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees. *See* Item 11 for further details.

(18) Waitlist enables restaurants to seat more guests, more efficiently through a service provided by an approved Waitlist vendor. Waitlist is currently optional but may be required by us in the future.

(19) This fee may be funded by the National Advertising Fund or there could be all or a portion of the fees required to be paid directly by the Franchisee.

(20) Catering is currently optional but may be required in the future. The current approved supplier for catering is Mobo Systems, Inc.; however, we may, from time to time, evaluate and approve other vendors as an approved supplier.

(21) We may require you to purchase at least 2 independent ordering kiosks from one or more approved suppliers.

(22) We currently use Livit Design Service, but reserve the right to use another service supplier in the future.

(23) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.

(24) *See* "GENERAL NOTES" below.

(25) The amount includes such items as promotional programs, tax deposits, license fees, utility deposits, and other costs as may be applicable to each location.

(26) The above figures cover the cost to build one Fast-Casual Restaurant and include 3 months of any amount set forth as a "per month" amount.

YOUR ESTIMATED INITIAL INVESTMENT
LIMITED-SERVICES RESTAURANTS: IHOP QUICK-SERVE RESTAURANT

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (2)	$15,000	$15,000	Certified or cashier's check or wire transfer	On signing of the NT FA.	IHOP
Real Estate (3)	$5,000	$25,000	As required by landlord	As required by landlord.	Landlord
Construction	$160,000	$339,000	As required by contractor, architect, engineers, government, etc.	Per contracts and governmental requirements for permits and fees.	Contractors and vendors
Major Equipment, and Fixtures	$140,000	$280,800	As required by suppliers	Per purchase agreements.	Suppliers
Smallware Package/Opening Order	$5,000	$15,000	Certified or cashier's check or wire transfer	Per purchase agreements.	Suppliers or IHOP or an Affiliate (at your election)
Signage	$15,000	$35,000	As required by suppliers	Per purchase agreements.	Suppliers
Inventory	$3,000	$49,950	As required by suppliers	Per agreements with suppliers.	Suppliers
Working Capital	$5,000	$88,500			You retain
Insurance (4)	$15,000	$40,000	As required by supplier	As required by suppliers.	Suppliers
Site Approval Costs (5)	$0	$10,000	As required by suppliers	As required by suppliers.	Suppliers
Opening Training Support Fee (6)	$0	$7,000	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS Setup, Training and Support Fee (7)	$3,500	$7,980	Certified or cashier's check or wire transfer	Upon invoice.	IHOP or POS vendor
Tray POS Software Fees (8)	$1,100 per year	$3,300 per year	As required by suppliers	45 days after receiving invoice.	Suppliers
Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") Services (9)	$1,000 per year	$2,500 per year	As required by suppliers	Upon your request for service.	Suppliers
Wi-Fi Services (10)	$90 per month	$400 per month	As required by suppliers	Upon your request for service.	Suppliers

Type of Expenditure (1)	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Kitchen Display System (11)	$15,000	$30,000	As required by suppliers	Upon set up.	Suppliers
Server Tablets with Payment Device (12)	$7,500	$30,000	As required by suppliers	Upon purchase.	Suppliers
On-Line Ordering (13)	$65 per month	$200 per month	As required by suppliers	Upon demand.	Suppliers
Mobile Device Management ("MDM") Fee (14)	$12 per year	$480 per year	As required by suppliers	Upon invoice.	IHOP
Digital Products Service Fee (15)	$0 per month	$350 per month	Certified or cashier's check or wire transfer	30 days after billing (billed annually).	IHOP or supplier
Implementation Fees (16)	$250	$1,500	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS System Hardware (17)	$20,000	$30,000	As required by suppliers	Upon demand.	Suppliers
Wait Listing (18)	$0 per month	$69 per month	As required by suppliers	Upon demand.	Suppliers
Curb Side Pick Up – Fly Buy/I've Arrived	$20 per month	$30 per month	As required by suppliers	Upon demand.	Suppliers
Customer Relationship Management ("CRM") Fee (19)	$0 per month	$150 per month	As required by IHOP	Upon demand.	IHOP
Catering (20)	$15 per month	$30 per month	As required by suppliers	Upon demand.	Suppliers
Ordering Kiosks (21)	$0	$6,700	As required by suppliers	Upon demand.	Suppliers
Initial Additional Training Expenses	$4,000	$7,000	As required by suppliers	As required by airline, hotel and Restaurants.	Airline, hotel and Restaurants
Design Service Fee (22)	$4,800	$6,700	As required by suppliers	Per agreement(s) with suppliers.	Suppliers
Supply Chain Co-op Stock Purchase (23)	$0	$100	Check or money order	On signing the membership subscription agreement.	Pancake Supply Chain Co-Op, Inc.
Additional Funds - 3 months (24)	$5,500	$28,400	As required by suppliers	As required by suppliers for payroll, utilities, attorneys, and accountants.	employees, suppliers
Miscellaneous (25)	$2,000	$9,000	As required by suppliers	Per agreement(s) with supplier. As required by governmental agencies, etc.	Suppliers and governmental agencies deposits
TOTAL (26)	$428,232	$1,071,797			

NOTES:

(1) All fees payable to IHOP are non-refundable, except as otherwise noted.

(2) We reserve the right in our discretion to reduce or waive the Initial Franchise Fees in certain circumstances. The Initial Franchise Fee may be waived for eligible Restaurants as described in the Development Incentive Program.

(3) The above figures assume that you will lease the Franchised Location(s) from a third party and construct or convert the Restaurant, and we estimate these figures as the cost of 3 months' rent. The typical Restaurant is approximately 800 to 1,200 square feet. If you lease the real estate and building from a third party, you must make lease payments, typically on a monthly-basis. Also, you may need to make security deposits with the Landlord. Unusual site preparation and utility connection costs and fees could increase costs. If you purchase the property, we estimate the costs could vary between $300,000 and $2 million.

(4) These figures assume that you will pay the entire insurance premiums for the first year at or before opening your Restaurant. Most franchisees, however, pay the premiums in installments which may be monthly, quarterly or semi-annually, and the actual initial investment would be lower. You may obtain additional insurance as you may desire. The estimated costs depend on the building square footage, sales, payroll and workers' compensation rates in the state in which the Restaurant is located. The insurable risks specified in the Operations Manuals and Insurance Bulletins are minimum coverages. We urge franchisees to consult with their insurance brokers or agents to determine appropriate additional coverages for them.

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(7) The amount of the fee will be based on whether the POS support is onsite or remote. The support must be onsite for the first three Restaurants you open and will cost $7,980 plus airfare. After you open your fourth Restaurant, you may opt for remote support at the fee of $3,500.

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(13) You must sign an Authorized Operator Agreement for access and use of an approved provider's on-line ordering system in form and substance approved by us. These figures include the estimated cost for services provided by Mobo Systems, Inc. and a payment gateway related to on-line ordering. *See* Item 8 for further details.

(14) This fee is required for all hardware in the restaurant. Fees are charged per terminal and range from $12 per device annually to $24 per device annually. *See* Item 11 for further details.

(15) Digital products currently include "Fly Buy", but guest payment and ordering from their own device ("Bring Your Own Device"), and other digital products may be required in the future. The current fees reflect software as a service pricing but we may charge you transaction pricing in the future.

(16) These fees relate to deployment and support for hardware and software upgrades, as well as other products.

(17) Subject to some exceptions, you must purchase or lease, depending on the program, an IHOP-approved POS computer system unless another IHOP approved system is agreed to in writing by IHOP in its sole discretion. The current cost of purchasing the POS computer system is between $20,000 to $30,000 for POS hardware. All Restaurants must have a POS computer system that meets IHOP's specifications. This describes our current POS system and provider, however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees. *See* Item 11 for further details.

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(21) We may require you to purchase at least 2 independent ordering kiosks from one or more approved suppliers.

(22) We currently use Livit Design Service, but reserve the right to use another service supplier in the future.

(23) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. *See* Item 8 for details.

(24) *See* "GENERAL NOTES" below.

(25) The amount includes such items as promotional programs, tax deposits, license fees, utility deposits, and other costs as may be applicable to each location.

(26) The above figures cover the cost to build one Quick-Serve Restaurant and includes 3 months of any amount set forth as a "per month" amount.

GENERAL NOTES. The figures in the charts above should be understood with the following explanation:

The disclosure laws require us to include an estimate of all costs and expenses to operate the franchise during the "initial phase" of the business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period" for the Restaurant industry, so our disclosures cover a 3 month period (the total estimated initial investment includes pro-rated costs and expenses related to Transaction Services/OHEICS, wi-fi services, and on-line ordering for 3 months). The figures next to the "Additional Funds" column in each of the charts above assume you would cover the following specific expenses that you would incur during the first three months of operation and receive no operating income during this period; 3 months payroll (and related taxes and payroll expenses) for staff, utilities, and attorneys' and accountants' fees. The estimates do not cover rent or mortgage payments, Royalty payments, National Advertising Fees, Local Advertising Expenditure Requirements, or the cost of goods sold, all of which vary depending on your sales levels, nor do they cover any interest or other financing costs you may incur, which will vary depending on how much you borrow. Other than as noted above, all other expenditures are stated only through the franchise opening date. The amounts stated above for working capital, deposits and prepaid expenses assume that sales from the Restaurant would be sufficient to defray operating expenses from the inception of operation by you. If, for any reason, sales are slow at the inception of operation, which has happened in certain Restaurants in the past and is a possibility which should be considered in any new Restaurant, additional funds might be needed to pay operating expenses. The figures stated above do not include any provision for managerial salaries or draws by you.

The amount required for equipment and for improvements to real property, or for modifications to same, is determined principally by the size and type of the Restaurant. Figures given, therefore, represent the best information known to IHOP and the IHOP Affiliates for the costs for the smallest and least complexly constructed and equipped Restaurant to the largest and most complexly constructed and equipped Restaurant likely to become the subject of the franchise.

If you operate from a leased location, the amount which you must pay generally will include taxes, insurance and maintenance. If the Restaurant is in a shopping center, you may be required to become a member of the shopping center's Merchant's Association and may be required to pay a percentage of the gross revenue to the association. Under the Full-Service Program and IHOP Limited-Service Program, no part of the taxes, maintenance and insurance of Merchant's Association fees to be paid in accordance with the lease is paid to IHOP. We relied on our experience and the experience of our affiliates and franchisees who provided projected or actual costs of Restaurants to compile this estimate.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Site Approval. Although you are solely responsible for selecting the site of your Restaurant, each site on which you propose to construct a Restaurant must first be approved in writing by IHOP, and you must, at your own expense, construct, improve and equip the Restaurant in conformance to IHOP's then-current standards and specifications. You are solely responsible for locating the site for your Restaurant, although we may assist you in our sole discretion. Even if we assist you to locate a site, you may not construe any assistance we may provide, or our acceptance of a site you propose as a guarantee or other assurance that the site will necessarily be successful. We will provide, without cost to you, standard prototypical plans and specifications for the construction of a Restaurant and for equipment and signs, but excluding site plans, and/or remodel specifications for the conversion of a Restaurant. You should request the plans and specifications at least 6 months before construction must begin. If existing conditions, applicable laws such as the Americans with Disabilities Act, local building codes or zoning provisions require modifications to be made to the Franchised Location(s) or Restaurant(s), you must bring the Franchised Location(s) and Restaurant(s) into compliance at your sole cost and expense, and subject to our prior written approval. You must then, at your sole cost and expense, adapt the standard plans to the particular site in conformity with local requirements, our plans, and submit them to us for written approval. All modifications to the plans or deviations from the provided specifications are subject to our prior written approval. If requested by IHOP, upon completion of the construction, and prior to opening, you must submit to us a certification from your architect that the building was built or converted, as applicable, in accordance with plans previously submitted and approved by IHOP and that the plans as submitted comply with all applicable laws and codes, including the Americans with Disabilities Act.

After you have located a site, you must submit for our review a site package, including site plans, a map, a survey, a proposed floor plan, relevant statistics and characteristics of the site, proposed elevations, a preliminary budget, a term sheet or letter of intent for lease, license or purchase of the site, demographic information, various photographs, a draft lease, license or purchase agreement, and other information regarding the proposed location that IHOP requires. Once you submit all required items, we will either reject the site or issue our final approval within 45 days. If we fail to notify you of our acceptance or rejection of the site within 45 days, the proposed site will be deemed rejected by IHOP. You may not sign the lease, license or purchase agreement until we give you final approval and issue the NT FA for the site. You must also provide a fully signed copy of the lease, license or purchase agreement in the form previously approved by IHOP promptly after execution.

Unless waived in writing by us in our sole discretion, one condition of final lease approval will be that you and your landlord execute and deliver an Addendum to Lease in substantially the form of Exhibit L. You may not sign the lease or purchase agreement until we give you final approval and issue the Franchise Agreement for the site. You must provide a fully signed copy of the lease or purchase agreement in the form previously approved by IHOP promptly after execution and prior to the opening of the Restaurant.

Furniture, Fixtures and Equipment. You must purchase and cause to be delivered and installed before the opening of the Restaurant(s), certain items of equipment and smallwares inventory, including, for example, kitchen equipment, booths, furniture, POS system with Server Tablets and Tablet Payment Device (*see* Item 11 for details), and decor items, in quantities and in accordance with the specifications established by IHOP. You may purchase those items from any approved supplier/distributor/manufacturer. If you elect to order and purchase any items from IHOP or an IHOP Affiliate, and if it sells the items, IHOP and/or the IHOP Affiliate may be the sole supplier(s)/distributor(s)/manufacturer(s) of such items and IHOP and/or the IHOP Affiliate may derive revenue from the purchase.

We estimate that substantially all your expenditures for leases and purchases in establishing and operating your business will be for goods and services which are subject to sourcing restrictions (that is, from us, IHOP Affiliates, from suppliers approved by us, or purchased in accordance with our specifications).

Proprietary Products. You must purchase from IHOP or an IHOP Affiliate (if sold by the IHOP Affiliate) or from our designated distributors who have purchased the products from IHOP or an IHOP Affiliate, all of your requirements for buttermilk pancake mix, egg batter, Protein pancake mix, Corn Cake pancake mix, Belgian waffle batter, and those other future products as may be specified by IHOP, all of which use proprietary formulas owned by IHOP or an IHOP Affiliate ("Proprietary Products"). IHOP and/or an IHOP Affiliate may derive revenue from its sale of these items by charging a mark-up on the sale of these items to IHOP-designated distributors or, if applicable, to franchisees.

Trademarked Products. You must use certain products which bear the trademark, trade name or logo "IHOP," "IHOP Express," "International House of Pancakes" or "House of Pancakes" or "GFGB" brand identification ("Trademarked Products") which may include dishware, silverware, napkins, placemats, coasters, uniforms, promotional items, syrup pitchers, coffee carafes, menus, guest checks, forms and other items. IHOP or an IHOP Affiliate shall, upon your request, provide specifications for the Trademarked Products, and you may purchase them either from IHOP or an IHOP Affiliate (if IHOP or the applicable IHOP Affiliate sells the products), suppliers/distributors/manufacturers designated by IHOP or suppliers/distributors/manufacturers you choose who are approved by IHOP and can meet IHOP's specifications and who sign a royalty-free trademark license in a form reasonably satisfactory to IHOP. If you elect to purchase the Trademarked Products from IHOP or an IHOP Affiliate, they may or will derive profits from such purchases.

Other Products. Except for Proprietary Products, as described above, all food products, services, supplies, equipment and materials permitted or required to be used in each Restaurant must be purchased from IHOP or IHOP Affiliate(s), if offered by IHOP or IHOP Affiliate(s), from suppliers, distributors or manufacturers approved or designated by IHOP, or from suppliers, distributors or manufacturers you select (as described below) who are approved in writing by IHOP or IHOP Affiliate(s) and not subsequently disapproved. If you wish to purchase any non-specified food product other than the Proprietary Products, coffee, and other products that have not already been approved by IHOP, or if you wish to purchase any item from supplier(s), distributor(s) or manufacturer(s) you select, you must deliver notice to IHOP of your desire to do so, which notice must specify the name and address of the supplier, distributor or manufacturer, and the items desired to be purchased from that supplier/distributor/manufacturer. IHOP or an IHOP Affiliate will, upon your request, furnish specifications, by established brand name wherever possible, for such items. Before approval of any supplier/distributor/manufacturer, we can require that we be allowed to inspect the supplier's, distributor's or manufacturer's facilities. We can also conduct tests on products, require full production runs, and require that samples from the supplier, distributor or manufacturer be delivered to us or to a designated independent testing laboratory for testing. You or the supplier/distributor/manufacturer, will be required to bear the costs associated with the inspections, tests and other procedures involved in the approval process. You may not purchase any products from a proposed supplier, distributor or manufacturer until and unless IHOP has provided written approval to you. IHOP or an IHOP Affiliate may disapprove or later withdraw its approval of any supplier, distributor or manufacturer you select upon the grounds which may include, but are not limited to, that the supplier, distributor or manufacturer has failed to demonstrate, to the reasonable satisfaction of

IHOP or the IHOP Affiliate: (a) the ability of the supplier, distributor or manufacturer to supply a product meeting the specifications of IHOP; (b) the reliability of the quality of the supplier's, distributor's or manufacturer's product or service; (c) the supplier's production facility meets IHOP's standards for food safety; and (d) the willingness and agreement of the supplier or distributor to permit IHOP or an IHOP Affiliate to make periodic inspections, reasonable in respect to frequency, time and manner of inspection, to assure the supplier's or distributor's continued conformity to specifications and food safety standards. Franchisees will be notified of approval or disapproval of the proposed alternative supplier within two days to six months (time span is based on a variety of factors, including but not limited to the complexity of the ingredients, the process of matching the formula, third party audits and the ability to commercialize the product and are prioritized by the order in which the requests are received).

Notwithstanding the above, you are prohibited from purchasing products, equipment, and other items, except as approved in writing by IHOP in its sole discretion. We ordinarily do not establish specific standards or specifications for, or require use of, approved suppliers for items such as repair and maintenance services and other miscellaneous items.

Effective February 16, 2009, affiliates of IHOP LLC and Applebee's International and representatives of franchisees in each system formed an independent purchasing and distribution cooperative, Centralized Supply Chain Services, LLC ("CSCS"), a Delaware limited liability company. CSCS performs the supply chain functions for certain franchised Restaurants in the IHOP and Applebee's systems. CSCS is owned and controlled by two separate cooperatives: a cooperative for the IHOP concept, Pancake Supply Chain Co-Op, Inc. (the "IHOP Co-op"), and a cooperative for the Applebee's concept, Apple Supply Chain Co-Op, Inc. (the "Applebee's Co-op"). Neither CSCS, nor the IHOP Co-op, nor the Applebee's Co-op is our affiliate. You may participate in the purchasing and distribution cooperative arrangement on a voluntary basis, as either a member or a nonmember.

If you choose to become a member of the IHOP Co-op, you will execute a Membership Subscription Agreement and pay $100 for one share of IHOP Co-op common stock, regardless of how many Restaurants you own. These are the same terms under which franchisees participate. Members must purchase their requirements of certain products and services through CSCS. At times, members of the IHOP Co-op, including IHOP and participating franchisees, may also receive patronage dividends, based upon their purchases. Patronage dividends are not available to nonmembers.

As of the date of this Disclosure Document, none of our officers have disclosed any ownership interest in any of our suppliers. From time to time, one or more of our officers may own interests in suppliers as a result of ownership of mutual funds or equities which are purchased in managed accounts. In addition, a supplier may be a direct or indirect subsidiary of a public company in which one or more of our officers owns an interest, but that officer may be unaware of the public company's ownership interest in the supplier.

Without IHOP's prior written consent, you may not use, offer, sell, or give away except at the Franchised Location, any required products as set forth in the Operations Manuals, or other goods or services which utilize IHOP's Trade Secrets in whole or in part, including its recipes, or any goods, services, materials, supplies, or inventory (including food, beverages, condiments, and smallwares) purchased by you or any of your affiliates (or any Owner, officer, director, manager of either) from or through any approved supplier pursuant to any pricing or purchasing terms negotiated or arranged by IHOP or any IHOP Affiliate for or on behalf of IHOP or our franchisees. In addition, you shall not at any time purchase greater quantities of such products than necessary to meet your reasonably anticipated requirements to operate your IHOP Restaurant.

Insurance. You must procure and maintain during the term of the NT FA policies of insurance insuring you against the insurable risks specified in the Operations Manuals and Insurance Bulletins and at least the amounts of coverage so specified, as same may change from time to time. All policies of insurance must name IHOP including its parent and our designated subsidiaries and affiliates, and respective officers, directors, members, managers, employees, agent, successors and assigns of IHOP (and others under some circumstances), if applicable, and nominees of IHOP as it may designate as additional insureds, as their interests may appear. In the event IHOP does not receive proper evidence of insurance, IHOP may, but is not obligated to procure such insurance as is necessary to meet its requirements, but the insurance need not name you as an insured or additional insured, and you shall be responsible for all payments for such insurance.

Pepsi-Cola. In 2012, IHOP LLC, certain of its affiliates and CSCS entered a multi-year agreement with PepsiCo Sales, Inc. ("Pepsi"), a wholly-owned subsidiary of PepsiCo., Inc. to be the fountain beverage supplier for the System in the United States. Pepsi contributes an amount per gallon of product sold in Restaurants, depending on the percentage of franchisees that meet an agreed-upon performance level, to an advertising and marketing fund. Each year, the fund proceeds are distributed to franchisees that have signed a participation agreement with Pepsi and met their performance obligations under such participation agreement. New franchisees must sign an agreement (the IHOP Beverage Sales Participation Agreement) with Pepsi in form and substance approved by us to supply their fountain beverages.

Guest Information Feedback Tool. We have entered an agreement with a vendor to administer a guest experience survey program for Restaurants. All franchisees must participate in the survey program. IHOP LLC will pay for the costs of the program in 2023. We reserve the right to require franchisees to pay for all costs of the program in 2024 and after.

Food Safety Evaluation ("FSE"). Restaurant food safety performance is routinely evaluated by an independent third party, two times per year. IHOP will pay for the costs of the routine FSE program in 2023 and reserves the right to require franchisees to pay all costs associated with the FSE program in 2024 and after. If a Restaurant fails a routine food safety evaluation, it will receive an automatic unannounced FSE reaudit prior to the next routine FSE. The franchisee will be billed (either by IHOP or the third party) and must promptly pay the approximately $305 cost of the reaudit, which amount is subject to change from time to time. If the Restaurant fails the FSE reaudit, additional FSE reaudits will be conducted at the franchisee's sole cost and expense until the Restaurant passes. If a franchisee has any unpaid FSE reaudit invoices, all pending reaudits for the franchisee may be put on hold and passing reaudit scores reverted back to the original failing score.

On-Line Ordering. You must sign an Authorized Operator Agreement for access and use of an approved provider's on-line ordering system in form and substance approved by us. *See* Item 11 for additional information.

Internet 50/20. You must achieve 50/20 internet bandwidth speed utilizing either your current supplier or one of the IHOP-negotiated suppliers (currently Comcast or Interface) utilizing commercial grade hardware and including 4G or 5G back up and guest Wi-Fi.

Digital Products. We may require that you purchase digital products from us that are brand standard in order to provide a consistent guest experience across our brand. These products may include products such as "Flybuy" and guest payment and ordering solutions ("Pay 'n Go," "Bring Your Own Device") and others as we determine. You may be required to sign one or more agreements with approved third-party providers. Fees associated with these products may be payable to us or a third party.

EMV. We require franchisees to have Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") encryption certified solutions for processing payment in the Restaurant. Currently, we require franchisees to use approved payment devices (currently, Ingenico devices) purchased through FreedomPay and we currently require franchisees to use FreedomPay's EMV processing as part of the credit card gateway solution or any future solution we may implement.

Delivery. If you participate in delivery, you will be required to sign up for the Mobo Systems, Inc. dispatch platform (currently provided through DoorDash, which may be subject to change in the future) which allows guests to order delivery through our website or mobile app. We may impose additional delivery requirements in the future and you may be required to pay any and all related fees.

Public Relations; Crisis Communications. If you choose to retain an outside communications or public relations agency, you should inform us of if and when you retain a local public relations firm and provide us with the identity of that firm, and connect such firm with the IHOP communications team. Regardless of whether you have retained a local public relations firm, you should allow us to review and approve, in our sole discretion, all press releases and related external communications relating to us or our affiliates or Restaurant(s) before their distribution to the media (digital and/or traditional).

You must comply with our or Dine Brands' crisis communication protocol in effect at the time of the crisis. You must alert us to any actual crisis situation (or any potential crisis situation) that develops, regardless of whether you have obtained the assistance of a local public relations firm. All interaction with the media or statements provided must be run through the IHOP communication team before distribution.

Payments from Franchisees for Goods and Services. Neither IHOP nor the IHOP Affiliates provide material benefits to you based on your use of designated or approved sources for the purchase of goods, but doing so is one of your obligations and we may either require you to purchase replacement products from a designated supplier or terminate your franchise agreement if you purchase from unapproved sources in violation of your agreement. IHOP and the IHOP Affiliates may derive revenue and profit based on your purchases from IHOP or IHOP Affiliates. During Fiscal 2022:

1. IHOP LLC's total revenues from all sources was $1,653,000, and its revenue from purchases of products and services required to be purchased by franchisees from us or another supplier was $904,000, representing 54.7% of its total revenues.

2. IHOP Restaurants LLC's total revenues from all sources was $160,410,000, and its revenue from purchases of products and services required to be purchased by franchisees from us or another supplier was $50,891,000, representing 31.7% of its total revenues.

3. IHOP Leasing LLC's total revenues from all sources was $106,867,000, and its revenue from purchases of products and services required to be purchased by franchisees from us or another supplier was $106,867,000, representing 100% of its total revenues.

4. IHOP Property LLC's total revenues from all sources was $9,348,000, and its revenue from purchases of products and services required to be purchased by franchisees from us or another supplier was $9,348,000, representing 100% of its total revenues.

5. IHOP Franchisor LLC's total revenues from all sources was $142,211,000, and its revenue from purchases of products and services required to be purchased by franchisees from us or another supplier was $1,179,000, representing 0.8% of its total revenues.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the IHOP NT MUFA and NT FA. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document. All section references are to the IHOP NT MUFA unless otherwise noted.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 3.2, 3.3	Items 8 and 11
b. Pre-opening purchases/leases	Section 4.5(b), (c), (d), (e)	Item 8
c. Site development and other pre-opening requirements	Section 3.3, 3.4	Items 6, 7, 8 and 11
d. Initial and ongoing training	Section 4.5(f)	Item 11
e. Opening	Section 4.5(f)(v)	Item 11
f. Fees	Sections 4.4, 4.5(f)(v); Sections 5, 6, 7, 8, 9, 10 of Attachment A; Sections 5, 6, 9, 10, 12 of NT FA	Items 1, 5 and 6
g. Compliance with standards and policies/Operations Manuals	Section 4.5(a)	Item 11
h. Trademarks and proprietary information	Sections 5.1, 5.2, 5.3	Items 13 and 14
i. Restrictions on products/ services offered	Section 4.5(b), (c), (d), (e)	Item 16
j. Warranty and customer service requirements	Section 4.5(a) (b)	Item 11
k. Territorial development and sales quotas	Article 1, Sections 1, 2, 3 of Attachment A	Item 12
l. Ongoing product/service purchases	Section 4.5(a), (b), (c), (d), (e)	Item 8
m. Maintenance, appearance and remodeling requirements	Section 4.6	Item 11
n. Insurance	Section 9.4	Items 6 and 8
o. Advertising	Section 4.4 (c), (d), 4.5(g)	Items 6 and 11
p. Indemnification	Section 9.5	Item 6
q. Owner's participation/ management/staffing	Section 4.5 (f)	Items 11 and 15
r. Records/reports	Section 4.4 (e), (f)	Item 6
s. Inspections/audits	Section 4.4 (e)	Items 6 and 11
t. Transfer	Sections 6.1, 6.2, 6.3	Item 17
u. Renewal	Section 4.3; Section 5 of Attachment A	Item 17
v. Post-termination obligations	Sections 8.1, 8.2	Item 17
w. Non-competition covenants	Section 5.4 (c); Section 11 of the NT FA, Attachment B	Item 17
x. Dispute resolution	Article 10	Item 17

ITEM 10

FINANCING

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

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, IHOP is not required to provide you with any assistance. Unless otherwise noted, all cited section references are to the IHOP NT MUFA.

As described in Item 1, the assistance described below may be performed by one or more IHOP Affiliates on our behalf.

Pre-Opening. If you become an IHOP franchisee, we will have the following obligations to you before you open your Restaurant:

1. Locating a Site. We will furnish to you, at no additional cost, information concerning the written materials that you must submit to us for us to consider proposed locations for a Restaurant. We call this the "Development Manual," and it includes procedures for the site review package. (Section 3.2)

Although you are solely responsible for selecting the site for your Franchised Restaurant, we will review information and data you provide regarding your proposed site(s) and we must approve the site. You may not develop a Restaurant until we have issued our acceptance of the site. IHOP estimates that it takes approximately seven months to obtain site acceptance. This time frame may vary depending on whether you provide the required information to IHOP in a timely manner. The matters considered by us in accepting the location for the proposed site may include the following: (1) proximity to existing IHOP Restaurants; (2) traffic patterns, parking, access and visibility; (3) weekend/weekday retail and commercial traffic generation; (4) existence of legal restrictions on signage and IHOP identity features, such as our signature blue roof, awning, building height and other architectural elements; (5) proximity to specialty attractions (such as race tracks, sports complexes); (6) population and demographic characteristics of the surrounding area; (7) rent and associated costs; (8) lease and term provisions; (9) estimated cost of tenant improvements; (10) physical characteristics of the premises if already in existence; (11) quality, vitality and growth trends or potential of the surrounding area; (12) effect on future development in the surrounding trade area; and (13) other factors particular to the proposed location or trade area. Under the terms of the IHOP NT MUFA, you must submit a site to IHOP for review at least six months before the date by which you must open the Restaurant.

If IHOP does not accept your site, you will not be issued a NT FA for the location, you will not have any rights to develop an IHOP Restaurant at that site, and you must submit another site for approval by IHOP. Your failure to open a Restaurant by the date specified in your IHOP NT MUFA may result in termination of the agreement. You may forestall termination by paying a fee to IHOP to obtain additional time within which to open the Restaurant. (*See* Section 3.2 and Section 3.5 for further details regarding the timeframes and site selection process.)

You may not construe any assistance we may provide, or our acceptance of a site, as a guarantee or other assurance that the site will necessarily be successful.

2. Plans and Specifications. We will provide you with IHOP's standard prototypical plans and specifications for the erection of a Restaurant and for equipment and signs and/or remodel specifications for the conversion of a Restaurant to an "IHOP" or "IHOP Express" Restaurant. (Section 3.3). The use of a design service is required. We currently use Livit Design Service, but reserve the right to use another service supplier in the future.

3. Training.

Training. This Item 11 summarizes IHOP's existing training program for IHOP restaurants. IHOP evaluates its training program from time to time and reserves the right to make changes. There are two primary components to IHOP's training program: (1) Certified Leader Training and (2) Initial Opening Training.

Certified Leader Training

First, IHOP requires that each Franchisee have a minimum of two restaurant leaders (one of which may be Franchisee if he or she is actively participating in day-to-day operations of the restaurant) per restaurant trained in day-to-day IHOP restaurant operations and requires that each obtains and maintains certification through an approved IHOP training program such as the "SMILE Leadership" program described in more detail below. Individuals certified in the day-to-day operations of an IHOP restaurant, and that complete leadership training are referred to as IHOP Certified Restaurant Leaders, or Certified Leaders. Certified

Leaders shall be responsible for running the day-to-day operation of the IHOP restaurant which shall be done in accordance with IHOP Standard Operating Procedures and applicable legal and health and safety code requirements.

The training and certification of the two required Certified Leaders must be completed prior to the opening of the new IHOP restaurant. This training is typically offered no later than two months before opening or take-over of the IHOP restaurant. If any of the minimum required Certified Leaders are to be replaced by a new individual, such new individual must complete training and obtain his or her certification as a Certified Leader within 90 days of the departing Certified Leader's last day.

If the Franchisor provides training to more than the two prospective Certified Leaders, or if Franchisee requests, and is approved to delay the Certified Leader Training more than three months following the opening date of the new IHOP location, Franchisee must pay Franchisor's then-current training fee for such training. As of the date of this Disclosure Document, the fee is $5,000 per person.

The Certified Leader training program referred to above is comprised of two parts: (1) a six-week program of approximately 45 to 50 hours per week of training and (2) a leadership skills capstone workshop comprised of six sessions. The leadership skills capstone may be held virtually, through self-paced eLearning, or in person, over a two-week time period. The initial training program covers foundational restaurant operation skills training and IHOP Brand Standard Operating Practices ("SOP"). This training is delivered through a blended learning approach utilizing a learning management system called IHOP Academy for consistent messaging and knowledge transfer to trainees, workbook assignments and interactive, real-world exercises designed to both introduce and reinforce learning activities. Trainers provide coaching and monitor trainees' progress through the approved IHOP leadership training program ("SMILE Leadership") to ensure key learnings are achieved and to validate that learners can execute IHOP's SOPs. SMILE Leadership includes team member skills training in each of the applicable team member positions. The IHOP leadership skills training included in SMILE Leadership layers in various restaurant management topics. Those topics include: effective team leadership, guest safety, daily manager workflow, effective scheduling, productivity management, restaurant hospitality, revenue accounting procedures, team member training, restaurant financial controls, managing equipment, IHOP inspections and IHOP marketing programs. SMILE Leadership is designed as a 5 or 6-week program, consisting of five 10-hour days each week, including self-paced study. Trainees must pass online and practical tests which include observation and testing of on-the-job performance to demonstrate knowledge and skill level to advance from the restaurant training program to the restaurant leadership training program, and to graduate from restaurant leadership training. Passing grades must be achieved in both the position and leadership training programs. The leadership skills capstone workshop builds upon the 5 to 6-week program. These workshops are comprised of six sessions, held virtually, through self-paced eLearning, or in person, over a two-week time period. The learner is required to enroll and complete the leadership skills capstone workshop no later than 30 days after completion of the 5 to 6-week program. Additionally, trainees must successfully complete an IHOP-approved food safety certification program. Depending on the level of knowledge and experience of the trainee, IHOP reserves the right to increase or reduce the number of hours spent in training, or to change the location of the training to accommodate the needs of the trainee, or IHOP or the applicable IHOP Affiliate. From time to time, in our sole discretion we may agree to waive or provide alternative training arrangements for certain qualifying franchisees by reason of such persons' prior training and experience.

Certified Leader Training shall be given at such time and location as shall be determined by Franchisor in its sole discretion and may be delivered in whole or in part in a virtual classroom, at an IHOP Restaurant, at a training center designated by Franchisor, or any combination thereof. The trainees shall pursue and complete such training to Franchisor's satisfaction in its sole discretion. IHOP, in its sole discretion, may extend the Initial Training of trainees to: (a) re-enforce skills with which they may be having difficulty; (b) have the trainee "shadow" a Certified Leader to observe, learn and re-enforce the formal training previously completed; or (c) attend a new IHOP opening. The length of training is extended until such time as each trainee is able to achieve its Certified Leader Certification or a mutual decision is reached between IHOP and Franchisee to terminate such trainee's training, which may result in IHOP requiring Franchisee to identify an alternative trainee. If an alternative trainee is identified, all costs associated with the training of such alternative trainee would be Franchisee's responsibility.

Franchisor shall have the right to require Franchisee, its Designated Representative (if applicable), and the Certified Leaders employed by Franchisee to attend at least one management seminar per year. Such management seminars may be given virtually, at an IHOP Restaurant, at a training center, or such other place or combination of places designated from time to time by Franchisor. Franchisor shall not impose any attendance fee or tuition for mandatory seminars but may charge a reasonable fee or tuition for optional seminars.

Even if Franchisor provides the Certified Leader Training, Initial Opening Training, or certain other management seminars without additional charge, Franchisee shall bear all costs and expenses incurred by Franchisee, its Designated Representative, its Certified Leaders, and any other attendees in connection with attendance at all training programs and seminars, including compensation, transportation costs, meals, lodging and other living expenses. Neither Franchisor nor any of its Affiliates will pay any compensation for any services performed by any trainee during any training.

Instructional materials supplied for trainee use during training presently includes a training plan, Operations Manuals, training videos, recipes, course materials, and various other materials as needed.

In addition, IHOP uses an e-Learning system (currently IHOP Academy). IHOP Academy is a web-based personal learning and training environment for the administration, delivery, tracking and reporting of learning programs. Currently, there are no fees associated with the use, access and maintenance of this program, but IHOP reserves the right to charge a fee in the future. IHOP Academy requires certain high-speed internet and technology hardware, and the costs of such internet access and hardware shall be Franchisee's responsibility. Each franchised restaurant is required to maintain 2 Wi-Fi enabled tablet or laptop devices. These devices must be in good working order, meet at least the minimum technical requirements for IHOP's e-Learning system, and be available to learners beginning with Initial Team Member Opening Training.

Initial Team Member Opening Training

In addition to Certified Leader Training, IHOP requires training incident to the opening of each IHOP restaurant ("Initial Training"). IHOP will review Franchisee's experience and staffing plan in order to determine, at its sole discretion, the Initial Training requirements which must be met. In determining such training requirements, IHOP will consider such factors as the candidates' overall restaurant industry experience, IHOP specific experience, as well as whether such candidates have other training resources available to it (e.g. Franchisee already has qualified trained employees that are acceptable to IHOP who can assist in training the crew of the new IHOP restaurant), and if and when Franchisee last opened a IHOP restaurant. At its sole discretion, IHOP will determine the opening training needs (including the number of trainers required) for each location. The IHOP determined initial training resource needs may include qualified trainers that are provided by the opening Franchisee, trainers provided by IHOP, or any combination of those training resources. IHOP may determine that it is necessary to provide a full complement of trainers for Franchisee's restaurant opening. If IHOP determines that the Franchisee will need training support and/or operational assistance from IHOP to open a IHOP restaurant, the Franchisee will pay an Opening Training Support Fee of between \$0 and \$55,000 per restaurant (in the case of a Full Service restaurant) and between \$0 and \$27,500 (in the case of a Limited Service restaurant) based upon the number of trainers deemed necessary by IHOP. This fee is subject to increase if the opening schedule changes or if overtime is requested.

If applicable, the IHOP provided training team will provide initial training assistance to new hired Team Members for a period of approximately three weeks allocated at IHOP's discretion between two weeks prior to opening and up to one week after the opening of the restaurant. The scheduling of the training team will generally be done 30 days prior to the anticipated opening date of the Franchised Restaurant, based on the schedule provided by Franchisee. If training must be rescheduled for any reason other than an act of God, Franchisee shall pay to IHOP any increase in costs that are incurred by IHOP due to the scheduling changes, which costs may include but are not limited to increases in airfare, hotel expenses, salaries, car rental, and training material shipping and storage. IHOP estimates this cost to be between $500 and $6,000 per person but such costs may be greater. Franchisee shall pay these charges to IHOP within 30 days after billing therefor.

In addition, IHOP uses an e-Learning system (currently IHOP Academy). IHOP Academy is a web-based personal learning and training environment for the administration, delivery, tracking and reporting of learning programs. Currently, there are no fees associated with the use, access and maintenance of this program, but IHOP reserves the right to charge a fee in the future. IHOP Academy requires certain high-speed internet and technology hardware, and the costs of such internet access and hardware shall be Franchisee's responsibility. Each franchised restaurant is required to maintain 2 Wi-Fi enabled tablet or laptop devices. These devices must be in good working order and meet at least the minimum technical requirements for IHOP's e-Learning system.

If Franchisee is utilizing IHOP's training support and/or on-location assistance to open its restaurant, the Franchisee and their restaurant leadership must adhere to the IHOP initial training program as outlined by the Franchisor. If the Franchisee requests that IHOP personnel spend more than 40 hours per week in the restaurant and IHOP approves the request, Franchisee shall pay to IHOP any costs which it may incur, including without limitation, overtime, salaries, for the additional hours.

Currently, IHOP employs a limited quantity of New Restaurant Opening Training Specialists, dedicated to the execution of initial Team Member Opening Training. Additionally, IHOP engages Modis Staffing to provide restaurant opening training to supplement the IHOP provided trainer when deemed necessary by the Brand. IHOP no longer employs staff members for training. Modis Staffing employs approximately 15 trainers with a combined experience of over 100 years.

INITIAL TRAINING PROGRAM – FULL-SERVICE PROGRAM

Subject	Hours of Classroom Training[1]	Hours of On the Job Training	Location
RESTAURANT TRAINING			
Orientation & Evaluations	10	0	Approved IHOP Restaurant Training Program locations throughout the United States
Dish Washer/Busser (Combo)	1	20	Same locations (as determined periodically) as Orientation and Evaluations
Cook (Food Preparation & Cooking)	1.5	85	Same locations (as determined periodically) as Orientation and Evaluations

[1] This is an estimate. The eLearning platform will create self-paced electronic "classroom" learning for the trainee.

Subject	Hours of Classroom Training[1]	Hours of On the Job Training	Location
Host/Hostess and Server	2	55	Same locations (as determined periodically) as Orientation and Evaluations
RESTAURANT SUBTOTAL	14.5	160	

Subject	Hours of Classroom Training[2]	Hours of on the Job Simulation Training or Self Study	Location
MANAGEMENT TRAINING			
Management Training Orientation	4	0	Approved IHOP Restaurant Training Program locations throughout the United States
Restaurant Management Skills	1	64	Same locations (as determined periodically) as Management Training Orientation
Basic Management Skills	1.5	32	Same locations (as determined periodically) as Management Training Orientation
Business Finance	1.5	17.5	Same locations (as determined periodically) as Management Training Orientation
Testing	4	0	Same locations (as determined periodically) as Management Training Orientation
IHOP Academy Workshop	16	0	Hosted virtually
MANAGEMENT SUBTOTAL:	28	113.5	*or at a regional location (to be determined) offered periodically throughout the year.

RESTAURANT SUBTOTAL	14.5	160
MANAGEMENT SUBTOTAL:	28	113.5
TOTAL TRAINING:	42.5	273.5

[2] This is an estimate. The eLearning platform will create self-paced electronic "classroom" learning for the trainee.

IHOP LIMITED-SERVICE INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
RESTAURANT TRAINING			
Orientation & Evaluations	10	0	Approved IHOP Restaurant Training Program locations*
Prep and Line Cook (Food Preparation and Cooking) Dish Washer/Busser (Combo)	6	27	Approved IHOP Restaurant Training Program locations*
Host/Hostess and Cashier Barista and Server/Runner	6	24	Approved IHOP Restaurant Training Program locations*
Management Duties Orders/Schedule/POS/Back of House Procedures	4	4	Approved IHOP Restaurant Training Program locations
RESTAURANT SUBTOTAL	26	55	

Subject	Hours of Classroom Training	Hours of on the Job Simulation Training or Self Study	Location
MANAGEMENT TRAINING			
Management Training Orientation	4	0	Approved IHOP Restaurant Training Program locations throughout the United States
Restaurant Management Skills	1	42	Approved IHOP Restaurant Training Program locations throughout the United States
Basic Management Skills	1.5	21	Approved IHOP Restaurant Training Program locations throughout the United States
Business Finance	1.5	12	Approved IHOP Restaurant Training Program locations throughout the United States

Subject	Hours of Classroom Training	Hours of on the Job Simulation Training or Self Study	Location
Testing	4	0	Approved IHOP Restaurant Training Program locations throughout the United States
IHOP Academy Workshop	16	0	Regional locations based on need and availability
MANAGEMENT SUBTOTAL:	28	75	

RESTAURANT SUBTOTAL	26	55
MANAGEMENT SUBTOTAL:	28	75
TOTAL TRAINING:	54	130

Restaurant and Management training classes are held upon request of the trainee and held as scheduled with the specific Restaurant Training Program location. Training classes are held in franchisee-owned Restaurants at various locations around the U.S.

You will bear the costs and living expenses for you and your employees to attend training for both the five or six week program and all workshops. While additional training and refresher courses are offered by IHOP from time to time, you are not required to attend unless attendance is deemed essential by IHOP.

From time to time, we may agree to provide alternative training arrangements for certain qualifying franchisees.

4. Technology – POS Setup, Training and Support. If we determine in our sole discretion that you will need POS setup, training, and support for a new Restaurant opening, we will provide you with onsite implementation support for each of your first three Restaurant openings for the cost of $7,980 plus airfare for one of our support staff. Beginning with your fourth Restaurant, you may choose remote POS setup, training and support for the cost of $3,500 per Restaurant. This describes our current POS system and provider; however, we may, from time to time, evaluate and approve other systems and/or vendors as an additional POS provider. We reserve the right to increase these fees.

5. Equipment and Supplies. You will acquire the necessary equipment, furniture, signs, fixtures, opening inventory and supplies that meet IHOP's written specifications as set forth in the Operations Manuals from third party suppliers. You may purchase these items from IHOP, or its Affiliates, if available.

Typical Length of Time Before Opening. IHOP estimates that the typical length of time between the signing of the NT FA and the opening of the Restaurant is between one to 18 months. Factors which may affect these time periods include the obtaining of the necessary financing and completion of necessary construction and/or remodeling, as applicable.

IHOP's Obligations During the Operation of the Franchise. IHOP (or Dine Brands on our behalf) will provide the following assistance and other services during the operation of your Restaurant:

1. Administratively segregate on its books and records an Advertising Fund (described below).

2. Furnish you with one set of Operations Manuals for the Franchised Location. (Section 4.5(a)). Attached as Exhibit F is a copy of the table of contents of the Operations Manual for the Full-Service Program in effect as of the date of this Disclosure Document that indicates the number of pages devoted to each subject. Attached as F-1 is a copy of the table of contents of the Operations Manual for an IHOP Express in effect as of the date of this Disclosure Document that indicates the number of pages devoted to each subject.

Except for the services described above, we are not obligated to provide you with any other services. In addition, if we say that "we may provide" you a service or use similar words, it means that we are not obligated to provide that service to you.

National Advertising Fund. The Advertising Fund contains all Table Allowances (as defined in Section 4.5(g)(iii) of the IHOP NT MUFA), together with all National Advertising Fees paid by all franchisees and licensees that operate Restaurants in the U.S. operating under the marks which include IHOP or International House of Pancakes. As of the date of this Disclosure Document, the National Advertising Fee for Non-Traditional Venue programs is up to 3.5% of gross sales. Not all franchisees contribute to the National Advertising Fund at the same rate (*see* Item 6). We reserve the right to vary the rate of contribution of certain franchisees or waive the requirement of certain categories or types of Restaurants to contribute. IHOP administratively segregates the Advertising Fund on its books and records and furnishes you with annual summary information with respect to the receipts and expenditures of monies by and from the National Advertising Fund. IHOP may disburse funds from the Advertising Fund for one or more of the following purposes: (a) advertising, public relations and promotional campaigns and materials designed to promote and enhance the value of all "IHOP" Restaurants; and (b) reimbursing IHOP for its actual expenses incurred in providing administrative services with respect to the National Advertising Fund, as well as actual, general and administrative expenses of IHOP's internal Marketing Department (some or all of these costs and expenses may be incurred by an IHOP Affiliate which may perform the services), consultants and third party agencies; and (c) providing contributions to Regional Advertising Cooperatives for IHOP Full-Service Restaurants located in Traditional Venues in an amount as we may determine in our discretion, for local advertising, and those franchisees may pay a higher national advertising fee. No funds from the Advertising Fund are used for advertising that is principally a solicitation for the sale of franchises. You will be permitted to participate in national advertising promotions, as determined by your Restaurant's Level (*see* Item 6).

If Advertising Fund expenditures in any 1 calendar year exceed the total amount contributed to said fund during that year, IHOP (or Dine Brands, or IHOP Restaurants LLC, as applicable) shall have the right to be reimbursed from funds contributed to that fund in a succeeding year. If there is any excess remaining in the fund at the end of any calendar year, the excess shall be retained in the fund for future uses as described above.

Advertising may be disseminated in various media, including television, radio, print, POS, outdoor banners, and billboards, online, digital, social media and other emerging media on a national, regional or local level, though most advertising is national. Advertising is generated primarily by a national advertising agency under the direction of IHOP's Marketing Department. Occasionally, IHOP Affiliates may receive payments from the National Advertising Fund as reimbursement of costs incurred to provide or purchase services or premiums for use by a substantial number of Regional Advertising Cooperatives for Restaurants located at Traditional Venues. During Fiscal 2022, IHOP LLC on its behalf and as agent for its affiliates; spent the following percentages of total Advertising and Marketing Fund revenues on:

Production of commercials and other advertisements	8.9%
Media placement	74.3%

Administrative expenses	3.9%
Public Relations	1.3%
Market Research	0.5%
Advertising Agency Fees	9.3%
Restaurant Advertising	1.7%

Local Advertising Expenditure Requirements. In addition to the National Advertising Fund, you may be required to spend up to 1% of your weekly gross sales for local advertising which must be approved by IHOP, unless waived by IHOP in its sole subjective discretion. You must provide documentation of your expenditures with such supporting evidence as IHOP may require on an annual basis to confirm that your expenditures were approved and paid for and that the advertising was conducted. If your Restaurant is assigned to Level 1 (*see* Item 6) then you are permitted to join a local marketing cooperative. If you become a member of a local marketing cooperative you must also pay the fees then required for participation in the national advertising program. An IHOP Marketing Department representative will be available to assist you in the development of local marketing to promote your Restaurant. Unless IHOP determines, in its sole judgment, that you will not be required to advertise locally, you are required to advertise locally. You shall pay for all advertising conducted by you locally whether on television, radio, in print advertising, on banners, in any electronic or computer medium, or otherwise, and all such advertisements must be approved by our Marketing Department. Franchisees that operate Restaurants at Traditional Venues may participate in local marketing cooperatives.

Advertising Council. There is no advertising council composed of franchisees that advises IHOP on advertising policies. A Franchise Leadership Council of current IHOP franchisees from each IHOP-defined geographic region was created and is sponsored by IHOP and/or its affiliates. The Franchise Leadership Council has established advertising and menu subcommittees to discuss pertinent issues regarding advertising and marketing. *See* Item 20 for information regarding IHOP's franchisee Franchise Leadership Council.

Regional Advertising Cooperatives. IHOP or the IHOP Affiliates may develop Regional Advertising Cooperatives designed to promote and enhance the value of all IHOP Restaurants in each region. IHOP (or an IHOP Affiliate) is responsible for administration of the Regional Advertising Cooperatives. Regional Advertising Cooperatives operate pursuant to written Advertising Cooperative Operating Procedures established by IHOP, which are subject to revision from time to time and are available for review by you. The geographical area for each Regional Advertising Cooperative shall be designated by IHOP in our sole subjective judgment, presently based on Nielson's defined "Designated Marketing Areas (DMA)." You have the option to participate in a Regional Advertising Cooperative that IHOP designates in your Restaurant's DMA if your Restaurant is assigned to Level 1 (*see* Item 6). The amount you contribute to your Regional Advertising Cooperative varies depending on your decision to participate. Not all franchisees contribute to the Regional Advertising Cooperative at the same rate. Provided the Regional Advertising Cooperative adheres to IHOP's established Advertising Cooperative Operating Procedures, Restaurants owned by IHOP or one of the IHOP Affiliates within an advertising cooperative region will contribute to, participate in and vote on the same basis as franchised Restaurants in the Region, except that they will not vote on the formation of the advertising cooperative or on the amount to be contributed by members. Your NT FA provides IHOP with the power to require Regional Advertising Cooperatives to be formed, changed, dissolved or merged. IHOP may in its discretion contribute a portion of the National Advertising Fees paid by franchisees to the Regional Advertising Cooperatives. IHOP may decide to contribute to the Regional Advertising Cooperatives at any time in its sole subjective discretion. If there are any cooperative contributions remaining in the cooperative at the end of any calendar year which IHOP is not required to reimburse or credit on account of advertising expenditures incurred by Franchisee, they shall become part of the National Advertising Fund. The local

Regional Advertising Cooperatives' funds are not audited, and there are no financial statements available for review.

POS Systems. Subject to some exceptions, you must purchase or lease an IHOP-approved POS computer system, consisting of a preapproved computer system that meets IHOP's specifications unless a different system is agreed to in writing by IHOP in its sole discretion. The cost of purchasing the POS computer system is between $20,000 to $30,000 for hardware and an annual software license fee of $1,100 to $3,300, as further described below. All IHOP Restaurants must have a preapproved POS computer system that meets IHOP's specifications, unless a different system is agreed to by IHOP in its sole discretion. This section describes our current POS system and provider; however, we may, from time to time, evaluate and approve other systems and/or vendors as a POS provider. We reserve the right to increase these fees. The following POS computer system is currently approved by IHOP:

The Tray POS system, which consists of hardware and software for a touch screen Android based POS system, through which all server orders are inputted into the server terminals and guest checks are tendered at either the server or cashier terminal, with orders printed in the kitchen via kitchen printers and/or kitchen display monitors. These handheld terminals (also referred to as Tablets) are required for all new restaurant openings.

All new IHOP Restaurants will utilize the current approved version of Tray POS or other preapproved POS system running on approved and up to date hardware, which may include terminals and tablets. In order to maintain compliance with PCI requirements, minimize system downtime, and improve ongoing support, IHOP is further advising franchisees to expect the following on an ongoing basis: (i) monthly updates on supported hardware and software for the POS systems, including those components that will be removed from support; (ii) minor upgrades to the Tray POS every 18 months or as required to meet security requirements;; (iii) server and front of the house terminal upgrades every four to five years; and (iv) Android Operating System upgrades as required to meet security requirements, end of life, and/or minimum systems requirements. Franchisees are responsible for the installation of the security, hardware, and software upgrades to their operating system as recommended by Tray POS Systems, including all costs, in the timeframe specified by Tray, as required by third parties for PCI compliance.

The Tray POS system also generates various reports, including financial, menu mix, hourly sales, open and closed guest check reports and labor reporting information. IHOP began using the Tray POS System in September, 2021. The Tray POS System is supplied by Vendsy, Inc., Scottsdale, Arizona, 844-873-8729. Tray fees are based on a software as a service model and pricing ranges from $1,100 to $3,300 annually based on the number of devices and functionality used in the restaurant. Tray pricing is subject to change. You may obtain help desk support from the Dine Brands Restaurant Technology Support Center, 8700 State Line Road, Suite 200, Leawood, Kansas 66206, (866) 546-9920 at an approximate cost of $1,000 to $1,800 per year, subject to change.

All IHOP Restaurants must be compliant with the Payment Card Industry Data Security Standard ("PCI"). You are accountable for ensuring and maintaining PCI compliance at your Restaurant at your sole cost and expense. IHOP reserves the right to set minimally acceptable hardware, software, network, router, firewall and virus protection standards for use in all your IHOP Restaurants, at your cost and expense.

IHOP will have the right to access all the information (including sales and financial data) and the systems that generate them for marketing, audit and sales verification purposes and to retrieve transaction information including sales mix, usage and other operations data both in-person and electronically through the internet via a broadband connection, to be obtained and maintained at your cost and expense, or if not available in your area, a separate dedicated telephone line and modem or such alternative electronic means of gathering this information, at your cost and expense, as IHOP may specify from time to time. There are no contractual or other limitations on IHOP's right to access your computer system.

The MICROS POS system is not proprietary property of IHOP. Except as described above, as of the date of this Disclosure Document, there are no other systems approved for your use. You may be required in the future to upgrade or change your system at IHOP's request.

All IHOP franchisees are required to use Mobile Device Management ("MDM") on all hardware in the restaurant. This service is currently provided by Esper, a third-party vendor but IHOP reserves the right to evaluate other providers and make changes as required. The fees for this service may be charged directly to you, the franchisee, or IHOP may choose to cover these fees. Fees are per terminal and range from $12 per device annually to $24 per device annually.

<u>On-Line Ordering.</u> You must sign an Authorized Operator Agreement for access and use of an approved provider's on-line ordering system in form and substance approved by us. The current approved provider is Mobo Systems, Inc., but we may use other providers in the future. Currently, the fee with Mobo Systems, Inc. can range from $65 to $200 a month (per Restaurant) for the use, access and maintenance of the on-line ordering system. This monthly fee covers the application and menu setup, menu maintenance, service, support and production account maintenance.

<u>EMV/P2P</u>. You must purchase equipment and procure services from an approved vendor approved for credit card processing services. Specifically, you are required to use the approved payment devices (currently Ingenico Lane3000, Move5000, and Mobi tablet devices) purchased through an approved vendor and you are required to use the approved vendor's EMV processing as part of the credit card gateway solution or any future solution we may implement. Currently, the initial investment ranges between $1,000 and $2,500 for equipment and a monthly fee of $53 to be paid to the vendor.

<u>KDS</u>. You must have a KDS to monitor and organize orders received at your Restaurant. Currently, the initial investment for hardware and installation ranges between $15,000 and $30,000.

<u>Curb Side Pick Up (CSPU)</u>. CSPU enables restaurants to provide guests the ability to order "to go" food and, through a service provided by "Fly Buy", monitor when the guest arrives in the parking lot at which time a restaurant team member completes the transaction by bringing the food to the guest in his or her car. CSPU with "FlyBuy" is SOP but IHOP may determine that it's necessity or feasibility to provide may not be required for a specific location. This determination is determined by IHOP in its sole discretion.

<u>Waitlist</u>. Waitlist enables restaurants to seat more guests, more efficiently through a service provided by NoWait or Waitwhile. Waitlist is currently optional but may be required by IHOP in the future.

<u>IHOP Loyalty</u>. International Bank of Pancakes is the rewards program that a customer can join through downloading the IHOP app or through ihop.com. The loyalty program is primarily funded by the National Advertising Fund, and there are no additional technology or operating fees required to support the program. Except for certain non-traditional venues, all domestic restaurants must participate in the program. Not all non-traditional venues will be able to participate in the loyalty program. Customers earn "Pancoins" based on their spend on qualifying purchases in restaurant or through IHOP digital channels (app or ihop.com). The "Stack Market" is the virtual marketplace where customers will redeem their Pancoins for coupons for menu items or other items available in the market at that time. Pancoins can be accumulated and redeemed for menu or other items in the Stack Market and only expire after there has been 24 months of inactivity of the customer's account. Franchisees are responsible for honoring the coupons earned by customers participating in the loyalty program. Additional details and requirements of the program are found in the International Bank of Pancakes Terms and Conditions.

None of the systems (other than the IHOP app referenced in the IHOP Loyalty section) are the proprietary property of IHOP. Except as described above, as of the date of this Disclosure Document, there are no other systems approved for your use. You may be required in the future to upgrade or change your system at IHOP's request.

ITEM 12

TERRITORY

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

Non-Traditional Venue Program. You are granted the non-exclusive right to develop and operate one or more "IHOP" or "IHOP Express" Restaurants at a designated type or category of Non-Traditional Venue in (or at) a specified franchised area which may be one or more specified Non-Traditional Venue sites in one or more cities, counties, states, or some other defined area. After we sign the IHOP NT MUFA, depending on the terms negotiated, you will have the right to propose to develop a Full-Service Restaurant or an IHOP Limited-Service Restaurant and enter into a NT FA, if the site is approved by us. Under the IHOP NT MUFA, we may require you to develop up to a specified number of Full-Service and/or IHOP Limited-Service Restaurants by an anticipated opening date. During the term of the IHOP NT MUFA, IHOP may own, operate, franchise any other Non-Traditional Venue "IHOP" or "IHOP Express" Restaurants in the franchised area. We reserve all other rights. Until the termination or expiration of the IHOP NT MUFA, you shall retain your non-exclusive right to develop Restaurants at designated Non-Traditional Venues in the franchised area if you comply with your development and other obligations under the IHOP NT MUFA. If you fail to meet any of your obligations under the IHOP NT MUFA, including the development obligations, or breach any NT FA executed by you pursuant to the IHOP NT MUFA or any other agreement(s) with IHOP, IHOP may terminate your right to develop, open and operate new "IHOP" and "IHOP Express" Restaurants in the franchised area, but the termination of the right to develop in the franchised area will not terminate any rights relating to any franchised location granted under any NT FA then in effect between you and IHOP unless you are in default with the greater of three of your Franchised Restaurants or 25% or more of your Franchised Restaurants. (Section 7.2(d),).

The continuation of your non-exclusive right to develop in the franchised area is dependent upon your compliance with your development and other obligations under the IHOP NT MUFA, and all other agreements with IHOP, as described above.

Franchised Location. You are granted the right to operate one Restaurant at a specific franchised location ("Franchised Location") which is agreed upon at the time of the execution of the NT FA. You will not receive an exclusive territory. Your rights are non-exclusive and limited to the specific Restaurant location. IHOP reserves all rights, including the right to own, operate, franchise Restaurants or other business concepts operating under names other than "International House of Pancakes," "IHOP" or "IHOP Express," and other names, and to produce, franchise, license, distribute and market products at or through any outlet, regardless of the proximity to your Restaurant. You are free to advertise to customers, wherever located. You have no option, right of first refusal or similar right to acquire additional franchises. You will not have a right to relocate the Restaurant to any other location.

As discussed in Item 1 of this Disclosure Document, IHOP or its Affiliate has in the past and may in the future establish other franchise or company-owned outlets selling similar products or services under a different trade name or trademark.

IHOP or one or more IHOP Affiliates have in the past and may in the future, acquire other chains, or establish other franchises or company-owned outlets, which sell similar products or services under a different trade name or trademark. As discussed in Item 1 of this Disclosure Document, IHOP Affiliates, Applebee's International (or its affiliate), currently operates and franchises Restaurants under the trade name "Applebee's Neighborhood Grill & Bar." Additionally, IHOP's affiliate, Fuzzy's Taco Opportunities, LLC (or its affiliate) currently operates and franchises restaurants under the trade name "Fuzzy's Taco Shop." There is no restriction on these affiliates or their franchisees from developing restaurants of their systems (currently "Applebee's Neighborhood Grill & Bar" brand Restaurants and "Fuzzy's Taco Shop" brand restaurants) or soliciting customers near any IHOP Restaurant, nor is IHOP or its franchisees restricted from operating IHOP Restaurants or soliciting customers near any Applebee's brand Restaurant or Fuzzy's Taco Shop brand restaurant. We do not expect that there will be material conflicts between these systems regarding territory, customers or franchisor support. The principal business address for the Applebee's operations is 10 West Walnut Street, Pasadena, California, 91103, and the principal business address for the Fuzzy's Taco Shop chain's operations is 4200 Regent Boulevard, Suite C-210, Irving, Texas 75063.

Other IHOP Concepts. Within the category of "Other IHOP Concepts," IHOP franchises and may operate a business under a different trademark. Specifically, IHOP is developing, testing, refining and franchising a system for operating restaurants that fits within the definition of "Other IHOP Concepts" under the name "flip'd by IHOP" or another name selected by IHOP and may operate such restaurants. It is contemplated that while such restaurants will have certain overlapping menu items with those sold by franchisees, including without limitation products like buttermilk pancakes, such restaurants will offer a different service model and guest experience. Accordingly, in circumstances where there exist both a traditional IHOP and a flip'd by IHOP in proximity to each other, a guest could potentially decide between the two restaurants based on the desired service level and guest experience. Based on factors including differences in the service model and guest experience between the two systems, we do not expect that there will be material conflicts between the systems regarding territory, customers and franchisor support. While it is contemplated that these restaurants will be franchised as opposed to franchisor owned or operated, IHOP reserves the right to own and operate such restaurants. IHOP began its test or pilot program for such restaurants during calendar 2022. The principal business address for Flip'd by IHOP operations is 10 West Walnut Street, Pasadena, California, 91103. IHOP does not plan to maintain physically separate offices and training facilities for the two systems.

ITEM 13

TRADEMARKS

We will license you to use various trademarks, service marks, trade names, logotypes and other commercial symbols ("Trademarks") including the following marks which are registered or applied for on the Principal Register of the United States Patent and Trademark Office.

DESCRIPTION OF TRADEMARK	PICTURE OF TRADEMARK	REGISTRATION NUMBER	PRINCIPAL REGISTER	REGISTRATION DATE
IHOP (Block Letters) (Restaurant Services)	IHOP	3,429,406	Principal	5/20/08
IHOP (Balloon Style) (Restaurant Services)	IHOP	3,429,405	Principal	5/20/08

DESCRIPTION OF TRADEMARK	PICTURE OF TRADEMARK	REGISTRATION NUMBER	PRINCIPAL REGISTER	REGISTRATION DATE
IHOP Restaurant (Restaurant Sign/Color) (Restaurant Services)		3,433,996	Principal	5/27/08
IHOP Restaurant (Restaurant Sign/Black & White) (Restaurant Services)		3,429,408	Principal	5/20/08
International House of Pancakes (words) (Restaurant Services)	INTERNATIONAL HOUSE OF PANCAKES	3,514,724	Principal	10/14/08
IHOP Express (Word Mark)(Restaurant and food take-our Restaurant services)	IHOP EXPRESS	3,771,927	Principal	4/6/10
IHOP and design (smile logo)		4,642,598	Principal	11/18/14
IHOP Express Logo (smile logo)		5,027,820	Principal	8/23/16

There is no presently effective determination of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the Trademarks that would materially affect your right to use the Trademarks. There are no pending infringement, opposition, or cancellation proceedings, or any pending material litigation involving the Trademarks.

IHOP Restaurants LLC is the owner of the above Trademarks in the United States. We have, among others, signed a License Agreement dated September 30, 2014 under which IHOP Restaurants LLC has licensed us to use and sublicense the above Trademarks for 99 years unless terminated for breach. Except for the License Agreement with IHOP Restaurants LLC, we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Trademarks in any manner material to the franchise. We know of no superior prior rights or infringing use that could materially affect your use of the Trademarks.

If any third party makes any claim, by suit or otherwise, against you, because of your use, in accordance with the terms of the Franchise Agreement, of any of our trademarks or service marks, you must promptly notify IHOP, in writing, and that upon receiving that notice, IHOP will retain counsel of its own choosing to defend you against the claim, suit or demand and IHOP will protect, indemnify, and save you from any loss, costs or expenses concerning the claim, suit or demand. IHOP considers the Trademarks to be a valuable asset and, upon notification of any infringing use of the Trademarks, IHOP will, though not obligated by the IHOP NT MUFA to do so, take such action which it deems appropriate in its discretion to protect its rights, and your corresponding rights, concerning the use of the Trademarks. Periodically, in the Operations Manuals or supplemental bulletins, we may add to, delete, or modify any or all the Trademarks. You must modify or discontinue the use of a mark or logo, at your expense, if we modify or discontinue it. We will not compensate you for any modification or discontinuation of any mark or logo, and you will be required to use any new mark or logo that we may adopt for the system.

There are no infringing uses known to IHOP that could materially affect your use of the Trademarks in this State or any other state in which the franchise business is to be located.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights material to the franchise. However, you must operate your Restaurant in accordance with the policies and procedures in the Operations Manuals. You must treat the information contained in these Operations Manuals and any other manuals or supplemental material supplied by us as confidential. The Operations Manuals are IHOP Restaurants LLC's sole property (and licensed to us and IHOP Affiliates) and you may not duplicate, copy, disclose or disseminate the contents of the Operations Manuals at any time, without our prior written consent. We have the right to modify or supplement the Operations Manuals upon notice or delivery to you. You must keep the Operations Manuals current at all times, and upon the termination or non-renewal of your franchise, return the Operations Manuals to us.

You may not communicate, divulge or use any confidential information concerning our (or IHOP Affiliates') methods or procedures during or after the term of the Franchise Agreement. This confidential information may only be disclosed to you and your employees in connection with the operation of your franchise, and must not be made known to any other person, firm or corporation. At our request, you must have your executives, employees or any other person with access to this information to enter into a confidentiality agreement to maintain the confidentiality of this information. Refer to Section 5.4(a) and (b) of the IHOP NT MUFA. We are not required to protect you from any infringements.

You must notify us as soon as possible of any copyright infringement claim. We are not required to take affirmative action when you notify us of an infringement claim. We and our affiliates have the sole right to conduct the defense of and settle the claim and to retain control of any negotiations related to any claim. You must cooperate in all actions we or our affiliates take regarding a claim and must assist us and our affiliates, at our and their expense, in the defense of a claim.

There is no presently effective determination of the United States Copyright Office (Library of Congress) or any court affecting these copyrights. There is no currently effective agreement that limits our right to use and/or license our copyrights. We are not obligated by the Franchise Agreement, Single Store Development Agreement, Multi-Store Development Agreement or otherwise, to protect any rights you have to use the copyrights. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are a certified manager, you must actively participate in the day-to-day operation of the Franchised Restaurant and employ an additional IHOP certified leader to do so. You must attend and satisfactorily complete IHOP's Training Program, unless IHOP agrees to waive this requirement. If IHOP waives this requirement, then 2 IHOP certified managers or an IHOP certified manager and one IHOP certified leader are required to operate the Restaurant's day to day operations. IHOP may at its discretion waive the training requirement if: (i) you are deemed to have the necessary experience operating IHOP Restaurants; (ii) you agree to hire a manager who has satisfactorily completed IHOP's Certified Leader Training Program or who is deemed by IHOP to have the necessary experience operating IHOP Restaurants; or (iii) you hire a manager who will satisfactorily complete IHOP's Certified Leader Training Program. There is no requirement that the leader must own an equity interest in the franchise. In addition, at our request, you must have your leader to enter a confidentiality agreement. Refer to Items 11 and 14 for details. Also, refer to Section 5.4(c) of the IHOP NT MUFA regarding non-competition.

If a franchisee is a corporation or other business entity, unless IHOP otherwise consents, one person approved by IHOP shall at all times own directly or indirectly 51% or more of all the outstanding stock (if a corporation), all membership interests (if a limited liability company), a partner's partnership rights (if a partnership), and 51% or more of all voting rights in the business entity. In addition, that person shall be president (if a corporation), general partner (if a partnership), leader (if a limited liability company) or the comparable position if it is any other form of business entity. IHOP will review any proposed deviations from these approved structures at your request, provided you agree to reimburse IHOP for all legal fees and costs it may incur in this review process. Refer to Section 6.2 of the IHOP NT MUFA for details.

If a franchisee is a corporation or other business entity, all its shareholders or owners and their spouses, as applicable, must sign a guarantee in the form(s) attached as Exhibit C and E, as applicable, unless waived by IHOP in its sole discretion. The guarantee provides that we may proceed against the shareholders or owners independently of the business entity which owns the franchise and contains various provisions to facilitate this purpose, including waivers of notice and defenses.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must serve only those items and products as are expressly designated and approved in writing by IHOP for sale and service from or at the Franchised Restaurant. You must offer all items and products that IHOP designates as required for all franchisees for sale and service from or at the Restaurant. IHOP shall have the right, at its sole discretion, to change from time to time, without limitation, any items or products designated and approved for use by you without further modification to the IHOP NT MUFA or any other agreement between us. You are not restricted as to the customers whom you may serve.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

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

IHOP NT FA

Provision	Section in NT FA*	Summary
a. Length of the license term	Section 3	Term is equal to the term of the lease or facility contract and is typically 5 to 10 years, but may be less depending on the customary lease term provided by the host venue.
b. Renewal or extension of the term	Sections 4.2, 4.3 of IHOP NT MUFA; Section 5 in Attachment A	If you are in compliance, you can add two Renewal terms of not more than 5 five years each. We may, at our sole discretion, agree to grant an extension for a longer term. The term of any renewal or extension is subject to the terms of the master lease or license. Once the two Renewal Terms are exhausted, you have no further contractual right to renew or extend the term of the Non-Traditional Restaurant Franchise Addendum.
c. Requirements for you to renew or extend	Sections 4.2, 4.3 of IHOP NT MUFA	Although this table uses the term "renewal," it refers to extending our relationship at the end of your term and you must sign our then-current NT FA, you must have complied with your obligations during the term, you must pay a Renewal Fee, you must demonstrate your financial ability to refurbish and remodel your Restaurant and you must do so, and you must sign a new lease or amendment to lease (if applicable).
d. Termination by you	Section 7.1 of IHOP NT MUFA	If the Facility terminates the Facility Contract
e. Termination by IHOP without cause	Not applicable	
f. Termination by IHOP with cause	Section 7.2 of IHOP NT MUFA	IHOP can terminate only if you default.
g. "Cause" defined - defaults which can be cured	Section 7.2 of IHOP NT MUFA	You have 7 days to cure a default. Except for nonpayment of fees, if the default cannot be cured within 7 days, you must immediately begin to cure the default and you will be given an additional reasonable period to cure the default.

Provision	Section in NT FA*	Summary
h. “Cause” defined - defaults which cannot be cured	Section 7.2 of IHOP NT MUFA	Includes failure; unlawful Assignment; danger to public health or safety, noncompliance with law, failure to open Restaurant by date specified; failure to maintain a “B” ranking, understating gross sales.
i. Your obligations on termination/non-renewal	Sections 7.2(d) and 8 of IHOP NT MUFA	You must cease use of our marks, return all manuals, de-identify the Restaurant premises, assign to us or cancel all website home pages and domain names, assign all telephone numbers to us at our option and pay all amounts due to us.
j. Assignment of contract by IHOP	Section 6.1 of IHOP NT MUFA	No restriction on IHOP’s right to assign or delegate any of its obligations.
k. “Transfer” by you - definition	Section 6.2 of IHOP NT MUFA	Includes transfer of agreement or transfer of stock that results in more than 49% of stock held by new owner (subject to IHOP’s right of first refusal, except in the case of your death or legal incapacity).
l. IHOP’s approval of transfer by franchisee	Section 6.2 of IHOP NT MUFA	Transfers require IHOP’s written consent, which will not be unreasonably withheld.
m. Conditions for IHOP’s approval of transfer	Section 6.2 of IHOP NT MUFA	New franchisee: qualifies, completes training, must sign new franchise documents. You must pay a transfer and training fee and all amounts then due and owing, and the remaining balance, if any, of the Initial Franchise Fee, unless waived by us, in our discretion. Transfer of real estate must not adversely affect ability to operate a Restaurant at the location.
n. IHOP’s right of first refusal to acquire your business	Not applicable	
o. IHOP’s option to purchase your business	Not applicable	
p. Your death or disability	Not applicable	
q. Non-competition covenants during the term of the license	Section 5.4(c) of IHOP NT MUFA; Section 11 of NT FA	No involvement in competing business.
r. Non-competition covenants after the license is terminated or expires	Not applicable	
s. Modification of the agreement	Section 10.9 of IHOP NT MUFA	IHOP may amend or supplement Operations Manuals without your consent, and may modify the NT FA only with your written consent.

Provision	Section in NT FA*	Summary
t. Integration/merger clause	Section 10.8 of IHOP NT MUFA	All agreements between the parties are in the IHOP NT MUFA and the NT FA, or related written agreements. Only the terms of the IHOP NT MUFA, NT FA and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the disclosure document, IHOP NT MUFA and NT FA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 10.2 of the IHOP NT MUFA	Subject to state law, except for certain claims (injunctive relief and trademark claims), all disputes must be arbitrated in Los Angeles, California.
v. Choice of forum	Section 11 of IHOP NT MUFA	Subject to state law, except for claims for injunctive relief, all disputes must be arbitrated in Los Angeles, California.
w. Choice of law	Section 11 of IHOP NT MUFA	Subject to state law, California law applies

*Except as otherwise noted

IHOP NT MUFA

Provision	Section in IHOP NT MUFA	Summary
a. Term of the agreement	Section 2.1; Section 4 of Attachment A	Initial term is equal to the duration of the development rights, but is typically one to three years.
b. Renewal or extension of the term	Section 2.2	You will have no right to renew.
c. Requirements for you to renew or extend	Section 2.2	You have no right to renew.
d. Termination by you	Section 7.1	If the Facility terminates the Facility Contract.
e. Termination by IHOP without cause	Not applicable	
f. Termination by IHOP with cause	Section 7.2	IHOP can terminate only if you default.
g. "Cause" defined - defaults which can be cured	Section 7.2	You have seven days to cure any payment default. You have 30 days to cure any other default.

Provision	Section in IHOP NT MUFA	Summary
h. “Cause”defined - defaults which cannot be cured	Section 7.2	Includes your breach of any other agreement with IHOP, if you fail to cure the breach within the time allowed by that other agreement, your attempt to assign the IHOP NT MUFA without consent, your conviction for certain crimes, and your violation of the confidentiality restrictions, if your continued operation of the Franchised Restaurant will result in imminent danger to health or public safety, loss of goodwill for the IHOP brand, failure to pay IHOP, failure to maintain at least a at least a “B” rating or its equivalent.
i. Your obligations on termination/non-renewal	Sections 7.2(d) and 8	You may not develop any additional IHOP Restaurants. Termination of the IHOP NT MUFA does not affect any of the NT FAs which you have signed prior to termination.
j. Assignment of contract by IHOP	Section 6.1	No restriction on IHOP’s right to assign.
k. “Transfer” by you - definition	Section 6.2	Includes transfer of agreement or granting of security interest in agreement.
l. IHOP’s approval of transfer by licensee	Section 6.2	Transfers require IHOP’s written consent, which it may grant or withhold in its sole and absolute discretion.
m. Conditions for IHOP’s approval of transfer	Section 6.2	If you assign the IHOP NT MUFA, you must simultaneously assign (to the same person) all NT FAs signed pursuant to the IHOP NT MUFA.
n. IHOP’s right of first refusal to acquire your business	Not applicable	
o. IHOP’s option to purchase your business	Not applicable	
p. Your death or disability	Not applicable	
q. Non-competition covenants during the term of the franchise	Section 5.4(c)	Neither you nor your owners and affiliates, nor their officers, directors, and managers may operate a family-style full-service or fast-casual Restaurant, pancake house, or coffee shop during the term.
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	
s. Modification of the agreement	Section 10.9	Requires written instrument signed by all parties.

Provision	Section in IHOP NT MUFA	Summary
t. Integration/merger clause	Section 10.8	IHOP NT MUFA sets forth entire agreement between the parties concerning its subject matter. Only the terms of the IHOP NT MUFA and other related written agreements are binding (subject to applicable law). Any representations or promises outside of the disclosure document and IHOP NT MUFA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 10.2,10.3, 10.4, 10.5	Subject to state law, generally, all claims under IHOP NT MUFA must be arbitrated in Los Angeles, California.
v. Choice of forum	Section 10.2(b)	Subject to state law, Los Angeles County, California, unless otherwise required by law.
w. Choice of law	Section 10.1	Subject to state law, California law governs, except as to limitations on competition (as to which law of the state where the breach occurs will govern).

ITEM 18

PUBLIC FIGURES

IHOP does not use any public figure to promote its franchises or licenses.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Under our Non-Traditional Venue Full-Service Program and IHOP Limited-Service Program, we do not make any representations about a franchisee's future financial performance on the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Jacob Barden, Vice President, Development, 10 West Walnut Street, Pasadena, California 91103, (818) 637-5206, jacob.barden@dinebrands.com, the Federal Trade Commission and the appropriate state administrators.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1A

System-wide Outlet Summary For Years 2020 to 2022[1] (Traditional Venue Locations)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	1,696	1,654	-42
	2021	1,654	1,638	-16
	2022	1,637[2]	1,646	+9
Company-Owned	2020	0	3	+3
	2021	3	0	-3
	2022	0	0	0
Total Outlets	2020	1,696	1,657	-39
	2021	1,657	1,638	-19
	2022	1,637[2]	1,646	+9

Notes

(1) The figures in Table No. 1A include system-wide totals for Traditional Venue locations as of December 31, 2020, Fiscal Year 2021 and Fiscal Year 2022. See Table 1B for total franchised Non-Traditional Venue locations.

(2) Outlets exclude one Flip'd location that was included in 2021.

Table No. 1B

System-wide Outlet Summary For Years 2020 to 2022[1] (Non-Traditional Venue Locations)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	23	21	-2
	2021	21	27	+6
	2022	26[2]	37	+11
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	23	21	-2
	2021	21	27	+6
	2022	26[2]	37	+11

Table No. 1B System-wide Outlet Summary For Years 2020 to 2022[1] (Non-Traditional Venue Locations)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change

Notes

(1) The figures in Table No. 1B include system-wide totals for Non-Traditional Venue locations as of December 31, 2020, Fiscal Year 2021 and Fiscal Year 2022. There are no company-owned Non-Traditional Venue locations.

(2) Outlets exclude one Flip'd location in New York that was included in 2021.

Table No. 2 Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2020 to 2022[(1)]		
State	Year	Number of Transfers
ALABAMA	2020	3
	2021	1
	2022	0
ARIZONA	2020	0
	2021	42
	2022	0
CALIFORNIA	2020	0
	2021	15
	2022	6
DELAWARE	2020	1
	2021	0
	2022	0
GEORGIA	2020	16
	2021	3
	2022	9
IDAHO	2020	0
	2021	3
	2022	0
ILLINOIS	2020	2
	2021	12
	2022	0
INDIANA	2020	0
	2021	20
	2022	0
KANSAS	2020	1
	2021	3
	2022	1
LOUISIANA	2020	6
	2021	0
	2022	0
MAINE	2020	0
	2021	1

Table No. 2 Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2020 to 2022[(1)]		
State	Year	Number of Transfers
	2022	0
MARYLAND	2020	2
	2021	1
	2022	1
MASSACHUSETTS	2020	0
	2021	0
	2022	1
MICHIGAN	2020	0
	2021	0
	2022	0
MINNESOTA	2020	0
	2021	0
	2022	1
MISSOURI	2020	0
	2021	0
	2022	1
MISSISSIPPI	2020	1
	2021	0
	2022	1
NEVADA	2020	0
	2021	2
	2022	0
NEW JERSEY	2020	0
	2021	2
	2022	8
NEW MEXICO	2020	0
	2021	2
	2022	0
NEW YORK	2020	2
	2021	0
	2022	1
NORTH CAROLINA	2020	22

Table No. 2 Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2020 to 2022[(1)]		
State	Year	Number of Transfers
	2021	0
	2022	0
OHIO	2020	0
	2021	9
	2022	0
OKLAHOMA	2020	0
	2021	9
	2022	0
PENNSYLVANIA	2020	6
	2021	1
	2022	0
RHODE ISLAND	2020	0
	2021	0
	2022	1
SOUTH CAROLINA	2020	16
	2021	0
	2022	3
SOUTH DAKOTA	2020	0
	2021	0
	2022	0
TENNESSEE	2020	10
	2021	2
	2022	0
TEXAS	2020	11
	2021	10
	2022	2
VIRGINIA	2020	14
	2021	1
	2022	1
WASHINGTON	2020	1
	2021	4
	2022	0

Table No. 2 Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For Years 2020 to 2022[1]		
State	Year	Number of Transfers
WYOMING	2020	1
	2021	0
	2022	0
TOTAL	2020	115
	2021	146
	2022	37

Notes
(1) The figures in Table No. 2 include outlet transfers for both Traditional Venue and Non-Traditional Venue locations as of December 31, 2020, Fiscal Year 2021, and Fiscal Year 2022.

Table No. 3A

Status of Franchised Outlets for Years 2020 to 2022[1] (Traditional Venue Locations)

State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
ALABAMA	2020	18	0	0	0	0	2	16
	2021	16	0	0	0	0	0	16
	2022	16	0	0	1	0	0	15
ALASKA	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
ARIZONA	2020	45	0	0	0	0	0	45
	2021	45	0	0	0	0	3	42
	2022	42	0	0	0	0	0	42
ARKANSAS	2020	16	0	0	0	0	1	15
	2021	15	0	0	0	0	0	15
	2022	15	1	0	0	0	0	16
CALIFORNIA	2020	231	0	0	3	0	4	224
	2021	224	2	0	2	0	3	221

Table No. 3A Status of Franchised Outlets for Years 2020 to 2022[1] (Traditional Venue Locations)								
State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
	2022	221	3	0	3	0	1	220
COLORADO	2020	37	0	0	0	0	1	36
	2021	36	0	0	0	0	0	36
	2022	36	0	0	0	0	0	36
CONNECTICUT	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	2	0	0	0	0	11
DELAWARE	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
DISTRICT OF COLUMBIA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
FLORIDA[2]	2020	146	3	0	3	0	0	146
	2021	146	2	0	0	0	3	145
	2022	145	3	0	0	0	3	145
GEORGIA[3]	2020	79	2	0	0	0	0	81
	2021	81	2	0	0	0	1	82
	2022	82	0	0	0	0	1	81
GUAM	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
HAWAII	2020	7	0	0	0	0	2	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
IDAHO	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	1	7
	2022	7	0	0	0	0	0	7
ILLINOIS	2020	50	0	0	0	0	3	47
	2021	47	0	0	0	0	4	43
	2022	43	0	0	0	0	0	43

Table No. 3A Status of Franchised Outlets for Years 2020 to 2022[1] (Traditional Venue Locations)								
State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
INDIANA	2020	24	2	0	0	0	0	26
	2021	26	0	0	0	0	0	26
	2022	26	1	0	0	0	1	26
IOWA	2020	12	0	0	0	0	1	11
	2021	11	0	0	0	0	1	10
	2022	10	0	0	0	0	0	10
KANSAS[5]	2020	29	0	0	0	0	0	29
	2021	29	1	0	0	0	0	30
	2022	29	1	0	0	0	1	29
KENTUCKY	2020	11	0	0	0	0	0	11
	2021	11	1	0	0	0	0	12
	2022	12	0	0	0	0	0	12
LOUISIANA	2020	31	0	0	0	0	0	31
	2021	31	0	0	0	0	2	29
	2022	29	2	0	1	0	0	30
MAINE	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
MARYLAND	2020	51	0	0	1	0	0	50
	2021	50	1	0	0	0	1	50
	2022	50	1	0	0	0	0	51
MASSACHUSETTS	2020	22	0	0	0	0	0	22
	2021	22	0	0	0	0	0	22
	2022	22	0	0	0	0	0	22
MICHIGAN	2020	24	1	0	0	0	0	25
	2021	25	0	0	0	0	0	25
	2022	25	0	0	0	0	0	25
MINNESOTA	2020	9	0	0	0	0	0	9
	2021	9	0	0	0	0	1	8
	2022	8	0	0	0	0	0	8

Table No. 3A Status of Franchised Outlets for Years 2020 to 2022[1] (Traditional Venue Locations)								
State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
MISSISSIPPI	2020	13	0	0	0	0	0	13
	2021	13	0	0	0	0	0	13
	2022	13	0	0	0	0	0	13
MISSOURI	2020	33	0	0	0	0	1	32
	2021	32	1	0	0	0	2	31
	2022	31	0	0	1	0	0	30
MONTANA	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
NEBRASKA	2020	6	0	0	0	0	0	6
	2021	6	1	0	0	0	1	6
	2022	6	1	0	0	0	0	7
NEVADA	2020	21	1	0	0	0	0	22
	2021	22	1	0	0	0	0	23
	2022	23	0	0	0	0	0	23
NEW HAMPSHIRE	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
NEW JERSEY	2020	48	1	0	0	0	0	49
	2021	49	1	0	1	0	1	48
	2022	48	0	0	0	0	0	48
NEW MEXICO	2020	22	0	0	0	3	6	13
	2021	13	3[4]	0	0	0	1	15
	2022	15	0	0	0	0	0	15
NEW YORK	2020	57	1	0	0	0	0	58
	2021	58	3	0	0	0	2	59
	2022	59	2	0	1	0	1	59
NORTH CAROLINA	2020	56	1	0	0	0	8	49
	2021	49	2	0	0	0	2	49
	2022	49	2	0	0	0	0	51

Table No. 3A Status of Franchised Outlets for Years 2020 to 2022[1] (Traditional Venue Locations)								
State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
NORTH DAKOTA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NORTHERN MARIANA ISLANDS	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
OHIO	2020	39	1	0	0	0	1	39
	2021	39	1	0	0	0	7	33
	2022	33	1	0	0	0	0	34
OKLAHOMA	2020	31	0	0	0	0	0	31
	2021	31	1	0	0	0	1	31
	2022	31	0	0	0	0	0	31
OREGON	2020	11	0	0	0	0	0	11
	2021	11	2	0	0	0	0	13
	2022	13	0	0	0	0	0	13
PENNSYLVANIA	2020	27	0	0	0	0	0	27
	2021	27	0	0	0	0	1	26
	2022	26	0	0	0	0	1	25
PUERTO RICO	2020	6	0	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
RHODE ISLAND	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
SOUTH CAROLINA	2020	33	0	0	0	0	2	31
	2021	31	0	0	0	0	1	30
	2022	30	1	0	0	0	0	31
SOUTH DAKOTA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2

Table No. 3A Status of Franchised Outlets for Years 2020 to 2022[1] (Traditional Venue Locations)								
State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
TENNESSEE	2020	39	0	0	0	0	3	36
	2021	36	0	0	0	0	2	34
	2022	34	0	0	0	0	0	34
TEXAS	2020	208	3	0	2	0	4	205
	2021	205	4	0	0	0	1	208
	2022	208	1	0	0	0	1	208
UTAH	2020	22	0	0	0	0	0	22
	2021	22	0	0	0	0	1	21
	2022	21	0	0	0	0	0	21
VERMONT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
VIRGINIA	2020	66	0	0	0	0	3	63
	2021	63	2	0	0	0	0	65
	2022	65	1	0	0	0	0	66
WASHINGTON	2020	32	0	0	0	0	1	31
	2021	31	1	0	0	0	0	32
	2022	32	1	0	0	0	0	33
WEST VIRGINIA	2020	8	0	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
WISCONSIN	2020	15	0	0	0	0	1	14
	2021	14	0	0	0	0	1	13
	2022	13	1	0	0	0	0	14
WYOMING	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	1	2
	2022	2	0	0	0	0	0	2
TOTALS	2020	1,696	16	0	9	3	46	1,654
	2021	1,654	30	0	3	0	45	1,638
	2022	1,637[6]	26	0	7	0	10	1,646

Table No. 3A								
Status of Franchised Outlets for Years 2020 to 2022[(1)] (Traditional Venue Locations)								
State	Year	Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year

Notes

(1) The figures in Table No. 3A include status of franchised outlets for Traditional Venue locations as of December 31, 2020, Fiscal Year 2021, and Fiscal Year 2022.
(2) All Florida outlets are franchised by a subfranchisor.
(3) Three Georgia outlets are franchised by a subfranchisor.
(4) These three New Mexico outlets are the same three outlets included in Table No. 4 as "sold to franchisees". They had previously been operated by a prior franchisee, were closed, and were then franchised to a different franchisee during Fiscal Year 2021.
(5) One Kansas Flip'd location was included in 2021 but excluded in 2022.
(6) Total excludes one Flip'd location that was included in 2021.

Table No. 3B								
Status of Franchised Outlets for Years 2020 to 2022[(1)] (Non-Traditional Venue)								
State		Outlets at Start of Year	Outlets Opened	Termination	Non-Renewal	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
ARKANSAS	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
CALIFORNIA	2020	2	0	0	0	0	1	1
	2021	1	0	0	0	0	0	1
	2022	1	2	0	0	0	0	3
GEORGIA	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	2	0	0	0	0	5
ILLINOIS	2020	1	0	0	0	0	1	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
INDIANA	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1

	2022	1	0	0	0	0	0	1
IOWA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KANSAS	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MARYLAND	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MICHIGAN	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
NEVADA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NEW JERSEY	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NEW YORK[(2)]	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	1	1
	2022	0	0	0	0	0	0	0
NORTH CAROLINA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
OHIO	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
OKLAHOMA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
PENNSYLVANIA	2020	1	1	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
TENNESSEE	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
TEXAS	2020	3	0	0	0	0	1	2

	2021	2	2	0	0	0	0	4
	2022	4	2	0	0	0	0	6
VIRGINIA	2020	3	0	0	1	0	0	2
	2021	2	0	0	0	0	1	1
	2022	1	1	0	0	0	0	2
TOTAL	2020	23	3	0	1	0	4	21
	2021	21	8	0	0	0	2	27
	2022	26	11	0	0	0	0	37

Notes

(1) The figures in Table No. 3B include status of franchised outlets for Non-Traditional Venue locations as of December 31, 2020, Fiscal Year 2021 and Fiscal Year 2022.

(2) 1 New York Flip'd location was included in 2021 but excluded in 2022.

Table No. 4

Status of Company-Owned Outlets for Years 2020 to 2022[1] (Traditional Venue)

State	Year	Outlets at Start of Yea	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
NEW MEXICO	2020	0	0	3	0	0	0
	2021	3	0	0	0	3[2]	0
	2022	0	0	0	0	0	0
TOTALS	2020	0	0	3	0	0	3
	2021	3	0	0	0	3	0
	2022	0	0	0	0	0	0

Notes

(1) The figures in Table No. 4 include status of company-owned outlets for Traditional Venue locations as of December 31, 2020, Fiscal Year 2021 and Fiscal Year 2022.

(2) These three New Mexico outlets are the same three outlets included in Table No. 3A as "opened". They had previously been operated by a prior franchisee, were closed, and were then franchised to a different franchisee during Fiscal Year 2021.

Table No. 5A Projected New Franchised Outlets as of January 1, 2023 (Traditional Venue)			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2023 Fiscal Year	Projected New Company - Owned Outlets in the 2023 Fiscal Year
ARKANSAS	0	1	0
CALIFORNIA	1	4	0
COLORADO	2	1	0
CONNETICUT	0	2	0
DELAWARE	0	1	0
FLORIDA	0	2	0
GEORGIA	0	5	0
KANSAS	2	2	0
MARYLAND	1	1	0
MICHIGAN	0	1	0
MISSOURI	1	0	0
NEW JERSEY	0	1	0
NEW MEXICO	0	1	0
NEW YORK	2	1	0
NORTH CAROLINA	0	4	0
OKLAHOMA	1	0	0
TENNESSEE	1	0	0
TEXAS	2	5	0
WASHINGTON	0	1	0
WISCONSIN	0	2	0
Total	13	35	0

Table No. 5B Projected New Franchised Outlets as of January 1, 2023 (Non-Traditional Venue)			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2023 Fiscal Year	Projected New Company - Owned Outlets in the 2023 Fiscal Year
MARYLAND	1	0	0
MISSOURI	0	1	0
OKLAHOMA	0	1	0
NEVADA	0	1	0

Table No. 5B Projected New Franchised Outlets as of January 1, 2023 (Non-Traditional Venue)			
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2023 Fiscal Year	Projected New Company - Owned Outlets in the 2023 Fiscal Year
TEXAS	1	4	0
WEST VIRGINIA	0	2	0
Total	2	9	0

Current Franchised Locations

Attached as Exhibit A is a list of the names, addresses and telephone numbers of all IHOP Restaurant outlets in the U.S. as of the end of Fiscal Year 2022.

Attached as Exhibit A-1 is a complete list of company-owned IHOP brand Restaurants in the U.S. operated by affiliates of IHOP as of the end of Fiscal Year 2022.

Former Franchisees

Attached as Exhibit A-2 is a list of the names and last known addresses and telephone numbers of each franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the Fiscal Year 2022 or who has not communicated with us or our affiliate within 10 weeks of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Purchase of Previously-Owned Franchise Outlet

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchise outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with IHOP. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. Several former franchisees signed agreements that include confidentiality clauses as part of a settlement of litigation (*see* Item 3). Several current franchisees signed agreements that include confidentiality clauses as part of a test for new products and/or equipment, or as a member of an IHOP sponsored committee that considers new products, services, and the procurement of products and services for IHOP or Franchising Restaurants.

Trademark Specific Franchisee Organizations

A Franchise Leadership Council of current IHOP franchisees from each IHOP-defined geographic region was created by and is sponsored by IHOP and/or its affiliates. It has no separate address, telephone number, email address or web address.

The following independent franchisee association has asked to be included in this Disclosure Document:

Name:	Blue Roof Franchisee Association c/o John Jordan, Executive Director
Address:	4919 Lamar Avenue Mission, KS 66202
Email Address:	brfa@dci-kansascity.com
Website:	www.brfa.net

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit D are our audited financial statements as of and for the years ended January 1, 2023, January 2, 2022, and January 3, 2021.

Also included are the audited financial statements of our parent company, Dine Brands as of its fiscal years ending January 1, 2023, January 2, 2022, and January 3, 2021. These financials are included because Dine Brands performs certain post-sale obligations for the franchisor; Dine Brands does not guarantee our performance of obligations to our franchisees.

We and Dine Brands have a 52/53 week fiscal year ending on the Sunday nearest to December 31 of each year. For convenience, in this Disclosure Document, we may sometimes refer to fiscal years as ending on December 31 and fiscal quarters as ending on the nearest calendar quarter-end. There were 52 calendar weeks in our and Dine Brands' 2022 fiscal year ended on January 1, 2023, 52 calendar weeks in our and Dine Brands' 2021 fiscal year ended on January 2, 2022, and 53 calendar weeks in our and Dine Brands' 2020 fiscal year ended on January 3, 2021.

ITEM 22

CONTRACTS

The following agreements are attached as Exhibits to this Disclosure Document:

Exhibit B:	IHOP Non-Traditional Multi-Unit Franchise Agreement
Exhibit C:	Guarantee of Obligations (IHOP Non-Traditional Multi-Unit Franchise Agreement)
Exhibit E:	Guarantee of Obligations (Non-Traditional Restaurant Franchise Addendum)
Exhibit I:	General Release (Non-Traditional)
Exhibit J:	Trademark License Agreement (Non-Traditional)
Exhibit L	Addendum to Lease

ITEM 23

RECEIPTS

Two copies of a Receipt for this Disclosure Document are attached as the last two pages of this Disclosure Document. Please sign, date and return one copy to us and retain the other copy for your files.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATES	EFFECTIVE DATE
California	PENDING
Hawaii	PENDING
Illinois	PENDING
Indiana	PENDING
Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

LIST OF IHOP FRANCHISEES

EXHIBIT A

IHOP - LIST OF FRANCHISEES AS OF FISCAL YEAR 2022

Restaurant Legal Entity	Address	City	State/Province/Region	Zip Code	Restaurant Phone Number
TA Operating LLC	3900 Petro Rd	West Memphis	AR	72301	
Shiralian Enterprises, Inc.	29541 Stockdale Hwy	BAKERSFIELD	CA	93312-9644	(661) 764-6907
TA Operating LLC	5821 Dennis McCarthy Drive	Lebec	CA	93243	661-663-4341
Hibba Pancakes, Inc.	12310 South Highway 33	Santa Nella	CA	95322	209-826-0741
Global Concessions, Inc.	7700 Spine Road, Concourse T	ATLANTA	GA	30320-4201	(404) 762-0019
5666 LLC	981 Cassville-White Road	Cartersville	GA	30121	770-607-8885
5643 LLC	122 Truckstop Way	Jackson	GA	30233-6109	(770) 775-8188
Madison Cakes, LLC	1881 Eatonton Rd	Madison	GA	30650	706 438 1049
Union Point Cakes, LLC	3600 Highway 77 South	Union Point	GA	30642	706 486 0011
MPH Holdings, LLC	211 Highway 18 East	Algona	IA	50511	
TA Operating LLC	1805 West Fayette Ave	Effingham	IL	62401	217-347-0480
AMNSI LLC	1201 W. North Street	Kendallville	IN	46755-2841	260-302-1121
Oakley Restaurant LLC	1001 Highway 40	Oakley	KS	67748-6061	(785) 672-3565
BFS Foods, Inc.	2815 Chestnut Ridge Rd.	Grantsville	MD	21536-2033	(301) 895-8135
TSFR APPLE VENTURE LLC	333 E. Jefferson Ave	Detroit	MI	48226-4352	(313) 879-5141
Chenega IH, LLC	7800 W. Grand River Hwy	Grand Ledge	MI	48837-8212	(517) 412-7373
Pilot Travel Centers LLC	21055 West Road	WOODHAVEN	MI	48183-3245	(734) 675-4982
TA Operating LLC	500 Buckhorn Road	Mebane	NC	27302	919-304-7476
Foya Foods LLC	301 Main Street Ste. 180-182	PATERSON	NJ	07505-1856	(973) 925-4700
BAM HOP, LLC	100 W. Primm Blvd.	PRIMM	NV	89019-7016	(702) 679-6577
TA Operating LLC	12906 Deshler Rd.	North Baltimore	OH	45872	419-257-3744
TA Operating LLC	8834 Lake Road	Seville	OH	44273	330-769-2053
WWC Spirits, LLC	12252 Ruppe Rd.	DAVIS	OK	73030-9253	(580) 369-4042
RWC - Spirits, LLC	1544 State Highway 9	Norman	OK	73072	(405) 322-6226
WWC Spirits, LLC	777 Casino Avenue	THACKERVILLE	OK	73459-9774	(580) 276-1781
Rocky Restaurants LLC	133 Twin Rocks Rd.	Lake Ariel	PA	18436-4859	(570) 689-9112
Rocky Restaurants LLC	33 Stop Plaza Drive	Mifflintown	PA	17059	7174368941
Rocky Restaurants LLC	2550 State Route 534	WHITE HAVEN	PA	18661-4016	(570) 443-7443
Crockett Enterprises, Inc.	195 Van Hill Road	Greeneville	TN	37745-7601	(423) 234-4467
BONA TC 5699, Inc.	6800 Thompson Road	Baytown	TX	77521	
Southern State Restaurants LLC	8075 South Access Road West	Clyde	TX	79510	3258931916
SSP America D&B DFW, LLC	2610 N International Parkway	Dallas	TX	75261-0124	(972) 973-6433
KTTT PAN HOUSE, LLC	794 Lucky Eagle Dr	Eagle Pass	TX	78852-2430	(830) 752-4866
Kim's Food Service, LLC	2241 Highway 271 N	Pittsburg	TX	75686	903-855-8010
Shepherd Happy Dough Brand LLC	10100 US HWY 59 S	Shepherd	TX	77371	8336991552
5634 LLC	2516 N. Lee Highway	Lexington	VA	24450-3335	(540) 463-3478 223
TA Operating LLC	1025 Peppers Ferry Road	Wytheville	VA	24382	276-228-8676

LIST OF COMPANY-OWNED OUTLETS

EXHIBIT A-1

No company owned outlets as of January 1, 2023.

LIST OF IHOP FRANCHISEES WHO HAVE CEASED TO DO BUSINESS

EXHIBIT A-2

No closures as of January 1, 2023.

IHOP NON-TRADITIONAL MULTI-UNIT FRANCHISE AGREEMENT
(“IHOP NT MUFA”)

EXHIBIT B

IHOP NON-TRADITIONAL

MULTI-UNIT FRANCHISE AGREEMENT

FRANCHISEE: ________________________________

DATED: ________________________________

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IHOP NON-TRADITIONAL MULTI-UNIT FRANCHISE AGREEMENT

THIS IHOP Non-Traditional Multi-Unit Franchise Agreement **("Agreement")** is made and entered into as of ________________________, 2023 ("**Effective Date**"), by and between IHOP FRANCHISOR LLC, a Delaware limited liability company ("**IHOP**"), and ______________________, a __________________________, having its principal offices at __________________________ ("**Franchisee**") with reference to the following:

A. IHOP and its affiliates have developed and continue to develop certain products, methods, techniques, know-how and trade secrets ("**System**") for operating IHOP brand restaurants ("**Restaurants**") that offer products and services and operate under IHOP's trade names, service marks, and trademarks ("**Marks**") including "IHOP," "International House of Pancakes," and "IHOP Express" and which feature the sale of pancakes, coffee and various other breakfast, lunch and dinner food items.

B. The System, when conducted in accordance with this Agreement and IHOP's Operations Bulletins (defined below) and all bulletins, notices and supplements thereto, and all ancillary manuals, specifications, instructions and materials, as the same may be amended from time to time ("**Standards**"), is designed to enable Restaurants to compete effectively in their respective marketplaces;

C. IHOP has developed and continues to develop a non-traditional franchise program ("**Non-Traditional Program**") for the development of one or more high-quality Restaurants operating under the Marks in various operating formats at various non-traditional venues ("**Facilities**").

D. IHOP has developed and grants certain franchisees the right to develop one or more Restaurants in Facilities.

E. Franchisee desires to develop, and IHOP desires to grant Franchisee the right to develop one or more IHOP Limited-Service Restaurant(s) (defined below) and/or IHOP Full-Service Restaurant(s) (as defined in **Attachment B**) in Facilities in the Franchise Area (defined below) pursuant to this Agreement.

1.
GRANT OF FRANCHISE RIGHTS

1.1 Grant of Franchise Rights

(a) IHOP grants to Franchisee, and Franchisee accepts the right ("**Franchise Rights**"), to develop one or more Restaurants located in the "**Franchised Area**" described in **Attachment A**. Franchisee will develop only the specific number, type of Restaurants, in the type of Facility(ies) and within the time-period described in **Attachment A**.

(b) Each Restaurant that Franchisee develops ("**Franchised Restaurant**") will be opened and operated in accordance with this Agreement, but will be individually franchised pursuant to a separate Non-Traditional Restaurant Franchise Addendum ("**NT FA**") to be entered into between IHOP and Franchisee, the form of which is attached as **Attachment B**, and which will identify the location and certain activities approved by IHOP for the **Franchised Restaurant**. This Agreement does not grant Franchisee any right or license to use any of the Marks except as set forth in Section 1.1(c) below. Except as set forth in Section 1.1(c) below, Franchisee's right or license to use the Marks, if any, will be granted pursuant to each NT FA.

(c) IHOP may grant to Franchisee a non-exclusive, non-transferable, royalty-free license to use the Marks in connection with Franchisee's submittal of a proposal to develop a Franchised Restaurant in response to a Request for Proposal from a Facility, in IHOP's sole discretion, provided that Franchisee executes a trademark license agreement in a form prescribed by IHOP. In the event Franchisee retains the services of a third party to assist Franchisee with its submittal of a proposal, said third party shall execute a non-disclosure agreement in a form prescribed by IHOP acknowledging that such person or entity will maintain the confidentiality of the information they receive in connection with their providing said services to Franchisee.

1.2 No Exclusivity; IHOP's Reserved Rights.

(a) Except as provided in a NT FA, this Agreement provides Franchisee no exclusivity in the Franchised Area or within Facilities. If IHOP grants Franchisee an exclusive area surrounding a Franchised Restaurant and within a Facility ("**Franchised Area**"), the NT FA for the Franchised Restaurant will specify the Franchised Area.

(b) IHOP and its affiliates retain all rights not otherwise expressly granted to Franchisee under this Agreement and under any individual NT FA. IHOP and its affiliates reserve the exclusive and unrestricted right, at their option, now and in the future, directly and indirectly: (i) to own, operate and franchise and license restaurants and other business concepts operating under the names "International House of Pancakes," "IHOP Express," "IHOP," and "Flip'd by IHOP" at any location outside of Facilities and at any location within Facilities, provided that any location within a Facility may not be within any Franchised Area granted to Franchisee; (ii) to own, operate franchise and license restaurants and other business concepts operating under names other than "International House of Pancakes," "IHOP Express," "IHOP," or "Flip'd by IHOP" regardless of their proximity to or economic impact on Franchisee's Franchised Restaurant(s), and regardless of whether other restaurants or other business concepts offer products that are the same or similar to those that are or may be offered by Franchisee's Franchised Restaurant(s); and (iii) to offer, sell, produce, franchise, license, distribute and market any products (whether or not under the Marks), including pre-packaged food, snacks and beverage products, books, clothing, souvenirs and novelty items, at or through any outlet (regardless of its proximity to or economic impact on Franchisee's Franchised Restaurant(s)), including grocery stores, supermarkets and convenience stores, and through any distribution channel, at wholesale or retail, including via mail order catalogs, direct mail advertising, Internet marketing or other distribution methods, whether or not under the "International House of Pancakes," "IHOP Express" or "IHOP" names or the Marks. Nothing herein grants any exclusive rights as to the customers Franchisee may serve.

2.
NON-TRADITIONAL FRANCHISE RIGHTS TERM

2.1 Non-Traditional Franchise Term. The term of the Franchise Rights ("**Non-Traditional Franchise Term**") will commence on the Effective Date and will expire on the earlier of: (i) the specific anniversary of the Effective Date described on **Attachment A**; or (ii) the date on which the last restaurant to be developed during the Non-Traditional Franchise Term hereunder opens for business ("**Expiration Date**"), unless otherwise modified, terminated or extended as provided in this Agreement.

2.2 <u>Effect of Termination or Expiration of Franchise Term</u>. On and after the Expiration Date or earlier termination of the Non-Traditional Franchise Term, Franchisee will have no further right to develop any Franchised Restaurant(s) which are not, at the time of such termination or expiration, the subject of a NT FA then in effect between IHOP and Franchisee. The terms of NT FA then in effect will survive in their totality any expiration or earlier termination of the Franchise Rights, and the applicable terms and conditions of this Agreement will continue to govern the parties' relationship, and the rights and obligations of the parties, with respect to operation of each Franchised Restaurant operated under the still effective NT FA.

3.
RESTAURANT DEVELOPMENT

3.1 <u>Cooperation, Collaboration and Review of Actions; Facility Requirements</u>.

(a) Recognizing that Franchisee's operation of the Franchised Restaurant(s) may be subject to operational standards placed on Franchisee by Facilities, for example, with respect to hours and days of operation, access to the Facilities by IHOP for purposes of conducting inspections, or use of Facility-approved contractors for construction, Franchisee shall provide IHOP with all such standards of Facilities when submitting a site for IHOP approval and any time the standards are changed by Facilities. IHOP agrees to take commercially reasonable steps to consult with Franchisee, and facilitate resolutions regarding compliance with this Agreement, including the Standards, prior to formally notifying it of any default pursuant to this Agreement related to the Standards or other actions that IHOP is permitted or required to pursue under this Agreement with respect to such a default. However, nothing in this Agreement will be construed to compel IHOP to waive, defer or otherwise modify termination or other adverse actions permitted or required by Section 7.2 of this Agreement.

(b) IHOP and Franchisee acknowledge and confirm that the terms and conditions of this Agreement may be subject to relevant restrictions, rules and regulations imposed by Facilities. Franchisee shall provide IHOP with any such restrictions, rules and regulations imposed by Facilities when submitting a site for IHOP approval, and any time same are changed by Facilities. IHOP and Franchisee agree that each of them will cooperate with the other to address the needs, requirements or restrictions of Facilities and to provide Franchisee the ability to remain in compliance with its contract or lease agreement with a Facility ("**Facility Contract**"), including with respect to: (i) the design of Franchised Restaurant prototypes and necessary modifications; (ii) equipment; and (iii) the use of alternate suppliers for non-proprietary products. IHOP will not unreasonably deny Franchisee's request for a variance from a term or condition of this Agreement or IHOP's Standards that is expressly based on a need to comply with a restriction, rule or regulation imposed by a Facility. However, in no event may the terms and conditions of the Facility Contract and other relevant restrictions, rules and regulations alter the fundamental rights and obligations of the parties under this Agreement or restrict either party's termination rights under this Agreement.

(c) Notwithstanding anything to the contrary herein, Franchisee hereby represents, warrants and agrees as follows with respect to each Facility Contract which Franchisee is required to execute: (i) Franchisee will have the exclusive right to provide food-service management services at each Franchised Location pursuant to each Facility Contract between Franchisee and the Facility; (ii) nothing in the Facility Contract will prevent Franchisee from full and complete compliance with all of the terms and conditions in this Agreement; and (iii) the Facility Contract will not materially infringe or supersede the rights of IHOP and the obligations of Franchisee hereunder.

3.2 **Site Review**. When Franchisee has located a proposed site for a Franchised Restaurant, Franchisee will submit such proposed site to IHOP in writing, along with such information as IHOP may require at least six months prior to the Anticipated Opening Date as set forth in **Attachment A** hereto, IHOP will notify Franchisee within 45 days of receipt of all required information of its acceptance or rejection of the site. If IHOP fails to notify Franchisee of its acceptance or rejection of the site within said 45 days, the proposed site will be deemed rejected by IHOP. Franchisee acknowledges and agrees that selection of a site for a Franchised Restaurant is Franchisee's sole responsibility and that if IHOP provides any assistance to Franchisee in evaluating or selecting the site, that assistance will not be construed as a guarantee or other assurance of any kind that the site will necessarily be a successful or profitable site.

3.3 **Plans, Construction, Build-Out and Furnishing of Franchised Restaurants**. Franchisee must acquire the location for each Franchised Restaurant at its sole cost and expense. IHOP will provide Franchisee with standard plans and specifications for the construction of a prototype IHOP Limited-Service and/or IHOP Full-Service Restaurant (as defined in **Attachment B**), as applicable, and for equipment and signs, but excluding site plans, for each IHOP Limited-Service and/or IHOP Full-Service Restaurant Franchisee develops pursuant to this Agreement, following the Effective Date and timeframe of the applicable NT FA. Franchisee will prepare site plans and make such reasonable modifications to IHOP's plans as may be required by the Facility or nature of the location within the Facility; provided that IHOP must consent and approve such modifications in writing, which approval will not be unreasonably withheld. Upon IHOP's request, Franchisee will have its architect, upon completion of construction, provide IHOP with a certification that the Franchised Restaurant was built in accordance with plans previously submitted to and approved by IHOP and that the plans, as submitted to IHOP, comply with all applicable laws and codes. Franchisee must make all such modifications to IHOP's site plans at Franchisee's sole cost and expense. It is Franchisee's sole responsibility to ensure that the Franchised Restaurant premises complies with all applicable laws and codes and Facility requirements. Franchisee will provide IHOP with comprehensive information regarding all phases of the development process and weekly progress reports during construction, in a form and containing information designated by IHOP. Franchisee will use its best efforts to promptly complete construction and build out, as applicable, and have all fixtures, furnishings, machinery and equipment installed, parking areas completed, inventory delivered, business and other permits obtained, personnel employed and all other necessary items related to the Franchised Restaurant complete so that the Franchised Restaurant will be open for business to the public as expeditiously as possible, but in any event no later than the date specified in the applicable NT FA ("**Anticipated Opening Date**").

3.4 **Approval for Opening**. Franchisee will notify IHOP of the anticipated construction completion and opening dates and, within a reasonable time after construction is completed, IHOP will have the right, but not the obligation, to conduct a final inspection of the Franchised Restaurant for compliance with Standards. Franchisee will not open the Franchised Restaurant without IHOP's written consent. IHOP will not unreasonably withhold its authorization to open the Franchised Restaurant.

3.5 **Delayed Development Fee.** If Franchisee cannot have all items completed as specified in Section 3.3 above and have the Franchised Restaurant open for business to the public by the Anticipated Opening Date, Franchisee may forestall any termination of this Agreement by IHOP caused by its failure to open a Franchised Restaurant by the Anticipated Opening Date, and extend the Anticipated Opening Date by providing IHOP with a written notice and request for additional time ("**Delay Notice**") (paying a fee in the sum of $350.00 per day for an IHOP Full-Service Restaurant and $180.00 per day for an IHOP Limited-Service Restaurant) ("**Delayed Development Fee**"). The Delay Notice and Delayed Development Fee must be received by IHOP no later than 10 business days prior to the expiration of the Anticipated Opening Date. The Delay Notice will specify the amount of additional time Franchisee requests, but in no event, will that additional time be more than 180 days after the Anticipated Opening Date. If the Franchisee presents evidence reasonably acceptable to IHOP that the delay is caused by the Facility, IHOP will provide a grace period of up to 60 days, at IHOP's option, before the Delayed Development Fee begins to accrue in accordance with this Section 3.5. If Franchisee pays the Delayed Development Fee for a period encompassing 180 days but cannot open the Franchisee Franchised Restaurant within 180 days after the Anticipated Opening Date, IHOP has the option to grant Franchisee the right to purchase an additional extension for a monetary amount IHOP will determine. Under no circumstance will Franchisee be permitted to purchase more than one such extension during the term of this Agreement.

4.
FRANCHISED RESTAURANT TERMS AND CONDITIONS

4.1 **<u>Execution of NT FA for each Franchised Restaurant</u>**. For each Franchised Restaurant Franchisee may develop pursuant to this Agreement, IHOP and Franchisee will enter into a Non-Traditional Restaurant Franchise Addendum, which will grant Franchisee the right, and pursuant to which Franchisee will undertake the obligation, to operate an IHOP Limited-Service or IHOP Full-Service Restaurant at a specific location within a Facility under the Standards and the Marks. Each NT FA will be executed by IHOP and Franchisee prior to the commencement of construction and Anticipated Opening Date for each Franchised Restaurant. Each NT FA will contain a general release of claims by Franchisee.

4.2 **<u>Term</u>.** The term of each NT FA ("**Term**") will commence on the signing date of the NT FA ("**Effective Date**") and will expire on the specific anniversary of the date the Franchised Restaurant opens for business ("**Actual Opening Date**"), which will be inserted by IHOP in the NT FA ("**Location Expiration Date**"). The Term will be coterminous with the term of Franchisee's Facility Contract for the Location (as defined in the NT FA), but in any event, will be of a duration of no less than five years and no more than 10 years. If applicable law requires IHOP to give notice to Franchisee prior to the expiration of a NT FA Term, the applicable NT FA will remain in effect on a week-to-week basis from the earlier of the Location Expiration Date or the time that IHOP provides notice of expiration until the expiration of the requisite notice period.

4.3 **<u>Renewal</u>.** After a Location Expiration Date, Franchisee will have no further right to operate the Franchised Restaurant for which the Term has expired unless Franchisee has satisfied in all material respects the requirements and conditions set forth in this Section 4.3, and signs IHOP's then-current form of NT FA in accordance with this Section 4.3. Franchisee's failure to perform any of the acts, or deliver any of the documents required by this Section 4.3 will be deemed an election by Franchisee not to renew the applicable NT FA and Franchisee's right to renew the NT FA will lapse and expire, except where otherwise prohibited by law.

(a) If Franchisee has satisfied in all respects the requirements and conditions set forth in this Section 4.3 and signs IHOP's then-current form of NT FA for a renewal term ("**Renewal Term**"), that Renewal Term will commence upon the Location Expiration Date and will be coterminous with the term of Franchisee's Facility Contract for the Location, but in any event will be no more than five years. IHOP will determine the precise length of the Renewal Term, which will depend on whether Franchisee has the right to operate the Franchised Restaurant at the Facility for another five years. If Franchisee does not have the right to operate the Franchised Restaurant at the Facility for another five years, the Renewal Term will be shortened to reflect the amount of time Franchisee has the right to operate the Franchised Restaurant at the Facility, as that time is set forth in the applicable Facility Contract. IHOP's then-current form of NT FA may supplement this Agreement, may amend this Agreement and may contain terms that are materially different from those Franchisee agrees to in this Agreement and the form of NT FA attached to this Agreement. If Franchisee has satisfied in all respects the requirements and conditions set forth in this Section 4.3, Franchisee will have the option to enter into no more than two NT FAs for Renewal Terms in accordance with this Section 4.3, each for a Renewal Term of up to five years.

(b) To exercise its renewal rights in accordance with this Section 4.3, Franchisee will notify IHOP of Franchisee's intent to sign a Franchisee's NT FA for the Renewal Term at least six months but not more than 12 months before the Location Expiration Date. No earlier than 10 days and no later than 21 days after Franchisee receives IHOP's then-current form of NT FA, Franchisee will execute the NT FA and return it to IHOP.

(c) To enter a NT FA for a Renewal Term, Franchisee must:

(i) Have performed, in all material respects, all its obligations under this Agreement and the NT FA and under all other agreements and NT FAs between Franchisee and its affiliates and IHOP and its affiliates;

(ii) Have the right to continue to occupy the Franchised Restaurant Location (as defined in the NT FA);

(iii) Have paid to IHOP the then-current renewal fee ("**Renewal Fee**"), the current amount of which is stated in **Attachment A**, upon the execution of the NT FA for the Renewal Term;

(iv) Not have received three or more notices of default during any 24-month period during the Term; and

(v) Have provided written assurance satisfactory to IHOP of Franchisee's willingness and financial ability to refurbish and remodel the Franchised Restaurant in accordance with IHOP's then-current Standards. Prior to the Location Expiration Date, Franchisee will have completed refurbishing and remodeling the Franchised Restaurant in accordance with IHOP's then-current Standards unless Franchisee is prohibited from doing so by the Facility, provided Franchisee advised IHOP of this prohibition at the time Franchisee exercised its option to renew and IHOP agreed to waive or modify this requirement, and IHOP has agreed that Franchisee may delay such refurbishing and remodeling for a period of time agreed to by IHOP and Franchisee in writing.

(d) If IHOP is not offering new franchises or is otherwise not lawfully able to offer Franchisee IHOP's then-current form of NT FA at the time Franchisee elects to renew, IHOP may, at its option, agree to extend the applicable NT FA on its current terms, for a period of up to five years.

4.4 Fees.

(a) **Initial Fee**. Franchisee will pay to IHOP an initial franchise fee for each Franchised Restaurant it develops at the time that Franchisee signs a NT FA. The amount of the initial franchise fee is set forth in **Attachment B** to this Agreement.

(b) **Royalty Fee**. Franchisee will pay to IHOP continuing royalty fees ("**Continuing Royalty**") for each weekly reporting period consisting of Monday through Sunday, or another seven consecutive day period IHOP designates ("**Reporting Period**") based on the Gross Sales of each of the Franchised Restaurants it develops as described in Section 6 of each NT FA. For purposes of this Agreement, "**Gross Sales**" means the total revenues derived by Franchisee in and from each of the Franchised Restaurants and arising out of Franchisee's activities pursuant to this Agreement, whether for cash sales of food and other merchandise or otherwise, or charge sales thereof, or revenues from any source arising out of the operation of the Franchised Restaurant(s) and Franchisee's activities pursuant to this Agreement, deducting therefrom: (1) all refunds and allowances, if any; (2) any sales or excise taxes which are separately stated and which Franchisee collects from customers and pays to any federal, state or local taxing authority; and (3) any amounts paid via cash, credit card or other means with respect to vending machines or pay telephones which are located in or about the Franchised Restaurant(s), if such vending machines and/or pay telephones are leased and not owned by Franchisee, in which case Gross Sales will include only the commissions Franchisee receives from those leases.

(c) **National Advertising Fee**. Franchisee will pay to IHOP a national advertising fee ("**National Advertising Fee**"), which is up to 3.5% of the Gross Sales of each of the Franchised Restaurants.

(d) **Local Advertising Expenditure**.

(i) Franchisee shall spend up to an additional 1% of its weekly Gross Sales for local advertising approved by IHOP ("**Local Advertising Expenditure Requirement**") unless waived in whole or in part by IHOP in its sole subjective discretion. Franchisee shall provide documentation of its expenditures with such supporting evidence as IHOP may require, on an annual basis to confirm that such expenditures were approved and paid for by Franchisee, and the advertising was conducted.

(e) **Time and Manner of Payments, Reporting and Recordkeeping.**

(i) The Continuing Royalty and other fees payable under this Agreement will be due on the Wednesday following the Reporting Period in which such Gross Sales were earned, and will be accompanied by a statement in the form and with such detail as IHOP may prescribe, showing how the Continuing Royalty was computed for the Reporting Period, and accompanied by all electronic point-of-sale system tapes of each Franchised Restaurant in operation for all or a portion of the Reporting Period. If Franchisee fails to submit a statement showing how Continuing Royalty was computed for any Reporting Period, submits a statement that is not in the form or with the detail as IHOP may prescribe or fails to submit Continuing Royalty and other fees due under this Agreement in a timely manner, IHOP reserves the right to calculate the amount due for the applicable Reporting Period based on one or more prior statements Franchisee has submitted to IHOP.

(ii) Within 30 days after the expiration of each calendar quarter (or other three-month period IHOP designates), Franchisee will provide to IHOP a profit and loss statement, in the form IHOP prescribes, for the Franchised Restaurant(s) in operation for all or a portion of the calendar quarter. Within 90 days after the end of each calendar year, Franchisee will provide to IHOP a profit and loss statement and balance sheet for the Franchised Restaurant(s) in operation for all or a portion of the calendar year. All financial statements must comply with any specific requirements IHOP designates and must be prepared in accordance with Generally Accepted Accounting Principles ("**GAAP**") consistently applied from applicable period to period, and must be certified by Franchisee, or Franchisee's Chief Executive Officer or Chief Financial Officer, as being true, correct and complete, and as being prepared in accordance with GAAP.

(iii) IHOP will require Franchisee to participate in IHOP's electronic funds transfer program, authorizing IHOP to receive payments by pre-authorized bank draft, wire transfer, Automated Clearing House (**ACH**) transfer or otherwise, unless IHOP waives this requirement in its sole subjective discretion.

(iv) Franchisee will keep and preserve for at least 36 months after each calendar year (or a longer period if required by applicable law), point-of-sale system reports, guest checks, sales tax returns, bank books relating to the Franchised Restaurant(s) and any other evidence of Gross Sales of the Franchised Restaurant(s). IHOP or its designated agents will have the right, upon at least two days' prior written notice to Franchisee, to examine and copy, at IHOP's expense, and remove the books, records, accounts, and business tax returns of Franchisee as they relate solely to the operation of the Franchised Restaurant(s). In addition, Franchisee's owners will allow IHOP and its affiliate's access to, and upon request will provide copies of, Franchisee's owners' state, federal and local income tax returns, and Franchisee and its owners waive any privilege pertaining thereto. If IHOP or its representative audits Gross Sales and payments to IHOP are found to be unpaid or understated in by any amount, Franchisee will immediately pay the additional amount payable, plus interest at the highest rate allowed by law. If Gross Sales are understated by 2% or more, Franchisee will also immediately reimburse IHOP for the cost of the audit and any subsequent audit IHOP may perform to ensure compliance with this Agreement.

(v) IHOP and its affiliates will have the right, at any time and from time to time, to enter the Franchised Restaurants and other business offices to inspect the premises, fixtures, furnishings and equipment thereon (including the right to inspect POS Systems (as defined below), and other equipment, as applicable, and to take readings of all documenters, pre-checkers and POS Systems), audit, verify sales and make or request copies of books of account, bank statements, documents, records, tax returns, papers and files of Franchisee relating to Gross Sales and business transacted. Such audit and/or sales verification may include the on-site presence of one or more personnel of IHOP or its affiliate for up to seven consecutive days.

(f) **Taxes**. IHOP and Franchisee are each responsible for their own sales, use, excise, personal property, income and any other taxes. On a monthly basis, Franchisee will submit to IHOP a copy of Franchisee's monthly sales tax reports for each Franchised Restaurant.

4.5 Franchised Restaurant Operations.

(a) **Operations Bulletins and Standards**. Franchisee must not operate in any manner that reflects adversely on the Marks or the Standards. IHOP will provide Franchisee with access to a copy of its operations bulletins ("**Operations Bulletins**") throughout the Term and the term of each NT FA. IHOP may from time to time revise the Operations Bulletins to incorporate changes, and will advise Franchisee of such changes and provide reasonable time schedules for implementation. Franchisee will operate the Franchised Restaurant(s) in conformity with the Operations Bulletins and IHOP's Standards. Franchisee will not deviate from the Standards in the Operations Bulletins without IHOP's prior written consent. Franchisee will not reproduce any portion of the Operations Bulletins by any means, will at all times keep the Operations Bulletins in a secure place or secure, password protected electronic file and, upon termination or expiration of this Agreement and the NT FA, will return the Operations Bulletins to IHOP.

(b) **Purchases of Products, Equipment, Supplies and Materials**.

(i) Franchisee will sell, serve and dispense only those items and products as IHOP may designate in the Operations Bulletins or otherwise in the Standards from time to time. IHOP will provide Franchisee with a list of IHOP's approved and designated suppliers and distributors of goods and services for the construction, equipping and operation of the Franchised Restaurant(s), and will further provide Franchisee with updated lists of such suppliers and distributors periodically throughout the Term and the term of each NT FA. Franchisee will purchase such items from suppliers and distributors who have been approved by IHOP in the Operations Bulletins or otherwise in writing and not thereafter disapproved.

(ii) In the event that Franchisee should desire to procure any food product (other than proprietary products, which include dry mixes and coffee) supplies, equipment, or material from any supplier or distributor not designated by IHOP or its affiliate, Franchisee shall deliver written notice to IHOP or its affiliate of its desire to do so, which notice shall identify the name and address of such supplier or distributor and the items desired to be purchased from such supplier or distributor. IHOP shall have the right to inspect the supplier's or distributor's facilities, conduct tests on products, require full production runs, and require that samples from the supplier or distributor be delivered, at IHOP's option, either to IHOP or to an independent, certified laboratory designated by IHOP for testing. Franchisee, or the supplier or distributor on behalf of Franchisee, shall pay the costs of any such test. IHOP may withhold approval of any supplier of distributor proposed by Franchisee if, among other grounds, such supplier or distributor shall fail to demonstrate, to the reasonable satisfaction of IHOP or its affiliate: (i) the ability to supply a product meeting IHOP's specifications; (ii) reliability with respect to the quality of the product or service; or (iii) willingness and agreement to permit IHOP or its affiliate to make periodic inspections, reasonable in respect of frequency, time and manner of inspection, to assure continued conformity to specifications.

(iii) Franchisee will be required to install and implement IHOP's designated computerized point of sale cash collection system (including all related hardware and software) ("**POS System**"), unless waived by IHOP in its sole discretion if Franchisee uses a comparable POS System that will enable Franchisee to share operating information with IHOP and that is pollable by IHOP. Franchisee will not be required to use any pre-printed menus or pre-priced standardized numbered guest checks, and will be free to procure menus and standardized numbered guest checks with prices of its own choosing; provided such menus and standardized numbered guest checks will, in all respects except as to prices, strictly comply with the specifications contained in the Operations Bulletins.

(c) **Trademarked Product Purchases**. Franchisee will purchase products which bear IHOP trademarks that may include, as provided in the Operations Bulletins, dishware, silverware, napkins, placemats, coasters and other items from IHOP's designated suppliers and in compliance with IHOP's specifications ("**Trademarked Products**").

(d) **Proprietary Product Purchases**. Franchisee will purchase only from or through arrangements made by IHOP, its affiliates, the Co-op (as defined below) or other distributors IHOP may specify from time to time, all its requirements for buttermilk pancake mix, egg batter, Harvest Grain N'Nut® pancake mix, Corn Cake pancake mix, waffle batter, Belgian waffle mix, coffee and other future products as may be developed by, through or at the direction of IHOP ("**Proprietary Products**").

(e) **Co-op Membership; Use of Products Purchased**. Franchisee acknowledges that the IHOP system is served by an independent third party purchasing cooperative, Centralized Supply Chain Services, LLC and that Franchisee will have the right, as a Franchisee of IHOP, to become a member of Pancake Supply Chain Co-op, Inc. (collectively with Centralized Supply Chain Services, LLC, the "**Co-op**"). Franchisee agrees that it will not, without IHOP's prior written consent, use, offer, sell or give away, except at a Franchised Restaurant, any products or services purchased through arrangements made by the Co-op or as a consequence of Franchisee's membership in the Co-op. Further, Franchisee agrees that it will not, without IHOP's prior written consent, use, offer, sell or give away, except at a Franchised Restaurant, any Proprietary Products or Trademarked Products, no matter the source of supply or means of purchase. Upon the termination or earlier expiration of this Agreement and each Non-Traditional Restaurant Franchise Addendum entered into pursuant to this Agreement, IHOP may, at its option, purchase from Franchisee at a price equal to Franchisee's book value, consisting of Franchisee's cost therefor, less depreciation computed in accordance with GAAP, all Proprietary Products and/or Trademarked Products purchased by Franchisee in the ordinary course of its business which are, in IHOP's or its affiliate's reasonable judgment, in good, usable condition. IHOP shall provide written notice of its intent to purchase such Proprietary Products or Trademarked Products within 10 days of the date of termination or expiration of this Agreement.

(f) **Management of Franchised Restaurants; Training**.

(i) Franchisee must designate a representative with authority and oversight for the development and operation of Franchisee's planned IHOP Franchised Restaurant(s) and who will be responsible for the day-to-day operation of the Franchised Restaurant(s) ("**Designated Representative**"). Franchisee's Designated Representative must devote such of his or her time as is reasonably necessary for the efficient operations of the Franchised Restaurant(s) and the performance of Franchisee's obligations under this Agreement.

(ii) Franchisee's Designated Representative must participate in and complete to IHOP's satisfaction an agreed initial training program to be held at a training Restaurant or training center IHOP designates. The initial training program will consist of six weeks of training in the operation of an IHOP Full-Service Restaurant or approximately four to five weeks of training in the operation of an IHOP Limited-Service Restaurant.

(iii) Franchisee must designate one to two general managers, as IHOP may require, for each Franchised Restaurant developed by Franchisee. IHOP will require Franchisee's proposed general manager for each Franchised Restaurant to participate in and complete, to IHOP's satisfaction, the initial training program to be held at a training Restaurant or training center IHOP designates, unless waived by IHOP in its sole subjective judgment evidenced in good faith, due to such person's prior training and experience. If a manager is replaced by a new manager, such new manager must attend and successfully complete the initial training program, unless waived by IHOP, and Franchisee shall pay the then-current training fee.

(iv) Franchisee agrees to comply with IHOP's training requirements, as set forth in detail in the Operations Bulletins and as summarized in this Section 4.5(f), the current costs of which are summarized in **Attachment A**.

(v) IHOP may, at its option, provide training support and/or operational assistance on site for each Franchised Restaurant for such period of time as IHOP deems necessary, but not exceeding three weeks. If IHOP will provide a training team to provide training support and/or operations assistance for a period of up to three weeks, allocated at IHOP's sole discretion between one week prior to opening and up to two weeks after opening. Franchisee agrees to pay to IHOP a Training Support Fee of up to $55,000.00 for an IHOP Full-Service Restaurant and $7,000 for an IHOP Limited-Service Restaurant. The amount of the fee will be based upon the number of trainers deemed necessary by IHOP, in its sole discretion. The opening training support team for an IHOP Full-Service Restaurant is typically made up of seven trainers, of which four are provided by IHOP at no additional cost to Franchisee. Up to three additional trainers will be provided by IHOP, at a cost to Franchisee of $7,000 per trainer, unless waived by IHOP. The opening training support team for an IHOP Limited-Service Restaurant is typically made up of four trainers, of which three are provided by IHOP at no additional cost to Franchisee, and the fourth trainer will be provided by IHOP at a cost of $7,000 to Franchisee, unless waived by IHOP. The additional trainer(s) may be supplied by Franchisee, with the understanding that these trainers must be committed to work on the opening training for the entire duration of the opening training, and provided they meet IHOP's requirements, as specified from time to time. These requirements include being a certified trainer in their current IHOP Restaurant, and successfully passing an SOP test administered by IHOP prior to and at the opening. There will be no additional charge for the trainer(s) supplied by Franchisee unless Franchisee's trainer(s) fail to meet the above commitments and qualifications, in which case Franchisee will be required to pay $5,500 per additional trainer supplied by IHOP. If Franchisee does not have any qualified opening trainers, Franchisee will be required to pay to IHOP the sum of up to $55,000 for an IHOP Full-Service Restaurant and $7,0000 for an IHOP Limited-Service Restaurant, upon execution of the Non-Traditional Restaurant Franchise Addendum. The scheduling of the training team will be generally done 30 days prior to the anticipated opening date of each Franchised Restaurant, based on the schedule provided by Franchisee. If training must be rescheduled for any reason other than an act of God, Franchisee shall pay to IHOP any increase in costs that are incurred by IHOP due to the scheduling changes, which costs may include but are not limited to increases in airfare, car rental, and training material shipping and storage, within 30 days after billing. After the opening of the first Franchised Restaurant, IHOP will work with Franchisee to certify a number of Franchisee's personnel as certified trainers, and thereafter, provided that Franchisee's personnel are and remain certified by IHOP, Franchisee's certified personnel will provide all or a portion of the opening training support with respect to the Franchised Restaurant(s). Franchisee will reimburse IHOP for its reasonable out-of-pocket expenses in providing certification to Franchisee's personnel to perform initial training and opening training support for Franchised Restaurant(s).

(vi) Franchisee's certified training personnel will attend such additional courses, seminars, and other training programs as IHOP may designate from time to time. Franchisee will bear its own costs for such additional programs, but IHOP will not charge any fees for those attending these additional courses, seminars, or other training programs.

(g) **Advertising.**

(i) Franchisee's National Advertising Fee is set forth in **Attachment B** and will range from 1% to 3.5%, depending on the level of contribution assigned to the Restaurant by IHOP in its sole discretion.

(ii) The National Advertising Fee paid by Franchisee will be administratively segregated on IHOP's or its affiliate's books and records ("**National Advertising Fund**"), together with the aggregate of: (i) National Advertising Fee payments made by all U.S. Franchisees and Franchisees of IHOP Restaurants; (ii) payments equal to the National Advertising Fees of IHOP Restaurants operated by IHOP's affiliates; and (iii) all rebates, allowances, discounts and other monetary compensation IHOP or its affiliates receive on account of the purchase of food items, supplies or services by all Franchisees and franchisees in consideration for the open display by all Franchisees and franchisees (including, when required, Franchisee), in consideration for the open display and advertising of a supplier's product, trademark or logo ("**Table Allowances**"). Table Allowances shall not include any allowances granted on account of purchases by less than all IHOP franchisees and Franchisees.

From sums available in the National Advertising Fund, IHOP develops advertising, public relations and promotional campaigns designed to promote and enhance the image, identity or patronage of all IHOP Franchised Restaurants, company operated restaurants and franchised restaurants. IHOP may, but is not obligated to, make expenditures from the National Advertising Fund to pay for advertising, public relations and promotional campaigns or similar activities designed to promote and enhance the image, identity or patronage of all IHOP Restaurants. Permissible expenditures may include a wide variety of associated activities and materials, to be determined by IHOP. IHOP may disburse funds from the National Advertising Fund to pay for IHOP's and its affiliates' actual administrative expenses with respect to the National Advertising Fund, including, without limitation, the actual, general and administrative costs relating to IHOP's or its affiliates' internal Marketing Department, including direct overhead, consultants and third party agencies, and excluding only direct costs relating to IHOP's franchise sales program. In all phases and aspects of such activities, including cost, development, type, format and style, quantity, timing, placement, choice of media or agency, and all other matters, IHOP's decision will be final. IHOP has no obligation whatsoever to allocate or expend National Advertising Fund contributions to benefit any particular Franchisee, group of Franchisees, or type of IHOP brand Franchised Restaurant, on a pro rata or proportional basis or otherwise. The National Advertising Fund is not a trust fund and will be commingled with IHOP's and its affiliates' other funds.

Within a reasonable time after the expiration of each of IHOP's fiscal years, IHOP will furnish Franchisees and franchisees summary information with respect to the receipts and expenditures of monies by and from the National Advertising Fund, containing the following information: (1) the opening balance in the National Advertising Fund at the beginning of the fiscal year; (2) the total amount of fees paid into the National Advertising Fund by all Franchisees and franchisees during the fiscal year; (3) the total amount of Table Allowances IHOP and its affiliates received during the fiscal year; (4) a reasonably itemized summary breakdown and description of disbursements from the National Advertising Fund during such preceding fiscal year, sufficient to indicate each class of expenditures made from the National Advertising Fund and the amount of expenditures made for each class; and (5) the net balance, if any, remaining in the National Advertising Fund at the close of the fiscal year, which net balance, if any, will be retained for future advertising. If IHOP's and its affiliates' expenditures exceed the amount contributed to the National Advertising Fund in any fiscal year, IHOP and its affiliates will have the right to be reimbursed to the extent of the excess from amounts subsequently contributed to the fund.

(iii) Franchisee may not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including any internet home page, website, social media site, including those utilizing mobile technology, bulletin board, newsgroup or other internet-related medium) which in any way uses or displays the Marks, in whole or part, and Franchisee shall not cause or allow the Marks, or any of them, to be used or displayed in whole or part, as an internet domain name, or on or in connection with any internet home page, website, social media site, including those utilizing mobile technology, bulletin board, newsgroup or other internet-related activity without IHOP's express prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as IHOP may establish.

(iv) IHOP may (but is not required to) develop an Intranet network through which IHOP and its licensees and franchisees (including Franchisee) may communicate by e-mail or similar electronic means and through which IHOP may disseminate updates to the System and other confidential information. If IHOP develops such an Intranet network, Franchisee agrees to use the facilities of the Intranet in strict compliance with the System, and with such procedures, policies, standards and specifications as IHOP may establish from time to time (including, without limitation, standards, protocols and restrictions relating to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements). If IHOP shall develop said Intranet, IHOP shall have no obligation to maintain the Intranet, and may discontinue its use at any time without liability to Franchisee.

(v) Franchisee's Local Advertising Expenditure Requirement is set forth on **Attachment B** and will range from 0% to 1%, depending on the level of contribution assigned to the Restaurant by IHOP in its sole discretion.

(vi) IHOP shall, from time to time, develop regional advertising cooperatives ("**Regional Advertising Cooperatives**"). IHOP may establish and modify from time to time guidelines and procedures which shall govern the conduct and operation of the Regional Advertising Cooperatives. The geographical description of each region (hereinafter "**Advertising Region**") shall be designated by IHOP in its sole subjective judgment, exercised in good faith. Franchisee may be allowed to join a Regional Advertising Cooperative in the Restaurant's Advertising Region depending on the level of contribution assigned to the Restaurant by IHOP in its sole discretion. If Franchisee participates in a Regional Advertising Cooperative then Franchisee's contribution amount is the Local Advertising Expenditure Requirement.

(vii) If Franchisee's Local Advertising Expenditure Requirement has been paid by Franchisee to IHOP during IHOP's fiscal year then in progress, IHOP shall reimburse Franchisee or credit Franchisee's account with IHOP for: (i) Franchisee's IHOP-approved local advertising expenses incurred during said fiscal year (after deducting any expenses that IHOP has previously paid or is or may be required to pay on account of advertising run by, for, or on behalf of Franchisee), and, (ii) contributions made by Franchisee during said fiscal year (whether through payment to IHOP or directly to a third party) to the Regional Advertising Cooperative, if any, of which Franchisee is a member, for advertising of the Franchised Restaurant; provided, however, that the combined amount of IHOP's said reimbursements for any of its fiscal years pursuant to (i) and (ii) shall in no event exceed the Local Advertising Expenditure Requirement actually paid by Franchisee during said fiscal year, and such right of reimbursement shall be subject to the condition that Franchisee furnish IHOP with appropriate verification, satisfactory to IHOP, of such advertising expenditures and that the advertising resulting therefrom has been placed and paid for either by Franchisee or the Regional Advertising Cooperative of which Franchisee is a member and that no liability to any party exists or may exist with respect to such advertising. The Local Advertising Expenditure Requirement payments which are contributed in a particular fiscal year of IHOP, but which IHOP is not required to reimburse or credit on account of advertising expenditures incurred by Franchisee during said fiscal year, shall become part of IHOP's general operating funds or the National Advertising Fund.

(h) **Compliance with Governmental Regulations**. Franchisee will meet and maintain all health standards at or above required industry levels applicable to the operation of the Franchised Restaurant, and will timely obtain all permits, certificates, or licenses necessary for the lawful operation of the Franchised Restaurant. Franchisee will operate the Franchised Restaurant in compliance with all applicable laws. Applicable laws mean and include all applicable statutes, laws, rules, regulations, ordinances, policies and procedures established by any governmental authority, which governs the construction or operation of the Franchised Restaurant.

4.6 Maintenance, Remodeling and Refurbishing of Franchised Restaurants.

(a) Franchisee will at all times maintain in first class condition, at its sole expense and in compliance with IHOP's Standards, the interior and exterior of each Franchised Restaurant and any appurtenant area over which Franchisee has control. Except as provided in Section 3.1 of this Agreement, every five years during each Term, at Franchisee's sole cost and expense, Franchisee will refurbish, remodel and improve ("**Update**") each Franchised Restaurant in accordance with IHOP's then-current Standards as set forth in the Operations Bulletins or otherwise in writing by IHOP. Franchisee will commence the first Update on the fifth anniversary of the Actual Opening Date of each NT FA and each subsequent Update will commence years from the date the last update commenced. Franchisee will complete each Update as expeditiously as possible, but in any event within 30 days after commencing the Update.

(b) Franchisee expressly authorizes IHOP's or one of its affiliate's representatives to enter any Franchised Restaurant at any time during business hours, without notice, to inspect the premises, fixtures, furnishings and equipment therein, and to examine and inspect the operations in all respects to determine compliance with this Agreement and the IHOP's Standards, Operations Bulletins, policies, rules and regulations.

5.
PROPRIETARY MARKS AND SYSTEM; CONFIDENTIALITY AND NON-COMPETITION

5.1 **IHOP Representations Concerning Marks and Standards**. IHOP represents that it has the right to use, and to grant Franchisee the right to use, the Marks and the Standards.

5.2 **Use of IHOP's Name**. Franchisee agrees that each Franchised Restaurant developed under this Agreement will be named "IHOP," "IHOP Express," "International House of Pancakes," or "International House of Pancakes Restaurant," as specified by IHOP, or any combination thereof IHOP may approve, at IHOP's option. Franchisee agrees that it will not use any suffix or prefix and that all signs, advertising and slogans will only bear the name and Marks as IHOP may specify in its Operations Bulletins.

5.3 **Franchisee Representations Concerning Marks and Standards**.

(a) Franchisee will use the Marks designated by IHOP only in the manner authorized and permitted by IHOP in the Operations Bulletins and under the Standards from time to time solely for the operation of the Franchised Restaurant(s) at the Franchised Restaurant(s) or in connection with IHOP approved advertising for the Franchised Restaurant(s). Franchisee will identify itself as an independent owner of the Franchised Restaurant(s) in conjunction with any use of the Marks or the operation of the Franchised Restaurant(s), in the manner that IHOP specifies in the Operations Bulletins, and will promptly notify IHOP of any suspected unauthorized use of, or any challenge to the validity of the Marks, or any challenge to IHOP's ownership of, right to use or ability to grant others the right to use, or Franchisee's right to use, the Marks or Standards under this Agreement. IHOP will promptly take such action as may be necessary to defend against any such claim, demand or challenge and IHOP will protect, indemnify and hold Franchisee harmless from any loss, costs, or expenses arising out of or relating to such claim, demand or suit. Franchisee will have no right to settle compromise or litigate any claim involving the Marks. IHOP shall have the right to defend, compromise or settle any such claim at IHOP's sole cost and expense, and Franchisee shall cooperate fully with IHOP in connection under the defense of any such claims. Franchisee will not assert any claim to goodwill, reputation or ownership of the Marks, which Franchisee agrees that, as between IHOP and Franchisee are the sole and exclusive property of IHOP. Except to the limited extent expressly granted hereunder, Franchisee will not use, or permit the use, as part of its business entity name, the phrases "IHOP," "International House of Pancakes," "House of Pancakes," "IHOP Express" "DineEquity" or any phrase or combination of words confusingly similar thereto.

(b) Franchisee will not develop, create, generate, own, license, lease or use in any manner any computer medium or other electronic medium (including any internet home page, website, bulletin board, newsgroup or other internet-related medium) which in any way uses or displays the Marks, in whole or in part. Franchisee will not cause or allow the IHOP name or Marks to be used or displayed in whole or in part on any social networking website (for example, Twitter, Facebook or My Space), in any internet domain name or in connection with any internet home page, website, bulletin board, newsgroup or other internet-related activity without IHOP's prior written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as IHOP may establish from time to time.

(c) IHOP may, but is not required to develop an internet network through which IHOP and its franchisees (including Franchisee) can communicate by email or similar electronic means and through which IHOP may disseminate updates to the System and other Confidential Information (defined below) ("**Intranet**"). If IHOP develops such an Intranet, Franchisee agrees to use the Intranet in strict compliance with the Standards (including, without limitation, standards, protocols and restrictions relating to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements). If IHOP develops an Intranet, IHOP will have no obligation to maintain the Intranet, and may discontinue its use at any time without liability to Franchisee.

5.4 Confidentiality and Non-Competition.

(a) **Owners**. Prior to execution of this Agreement, Franchisee will provide IHOP with a list of its owners, which must include all individuals, shareholders, general partners, limited partners, members or other owners of or an ownership interest in Franchisee ("**Owners**"). Franchisee will cause its Owners to complete an application and such other documentation as IHOP may require, and to execute covenants similar in substance to the covenants contained in this Section 5.4. Upon an Assignment in accordance with this Agreement, Franchisee will cause any new Owners to execute covenants similar in substance to the covenants contained in this Section 5.4.

(b) **Nondisclosure of Confidential Information.** Except as required by law, neither Franchisee, nor any Owner will, during the Term and the term of each NT FA or thereafter, communicate, divulge, or use for the benefit of, anyone else, any confidential information, knowledge, trade secrets or know-how ("**Confidential Information**") which may be communicated to them, or of which they may be apprised. Franchisee will divulge Confidential Information only to its respective employees that must have access to it to perform their responsibilities; provided, however, that Franchisee acknowledges IHOP may utilize information regarding the operations, expenses and financial performance of Franchised Restaurant(s) that Franchisee discloses to IHOP. All matters, information, knowledge, know-how, trade secrets, techniques and other data of IHOP will be deemed Confidential Information for purposes of this Agreement. Franchisee will require its Owners and any other person who may have access to any Confidential Information to execute covenants, guarantees and/or undertakings that such person will maintain the confidentiality of information they receive in connection with their association with IHOP, and that they will comply with non-competition covenants similar in substance to those contained in Section 5.4(c) below. Franchisee agrees to maintain all IHOP's Confidential Information separately from Franchisee's other businesses. Franchisee will not permit any Designated Representative, manager or other person who has access to IHOP's Confidential Information, Operations Bulletins or Standards to be employed within or involved with any of Franchisee's other businesses.

(c) **Non-Competition**. Franchisee and its Owners will not, during the term of this Agreement, any Restaurant Franchise Term and any renewal thereof, directly or indirectly, own, operate, control or have any interest in any family style restaurant, pancake house, coffee shop (defined to mean a full service or fast casual restaurant; not, by way of example, a Starbuck's), buffet serving breakfast, or diner, including but not limited to Village Inn, Bob's Big Boy, Shoney's, Denny's, Perkins', Waffle House, Baker's Square, Coco's, JB's, Allie's, Cracker Barrel, Marie Callendar's, Friendly's, Bob Evans' Farms, Mimi's Carrows, Hometown Buffet, or any other food service operation that sells pancakes or omelettes or derives more than 25% of its total sales from breakfast items ("**Competitive Business**"). Notwithstanding the foregoing, IHOP may, but is not obligated to, approve Franchisee's and/or its Owners' ownership of a Competitive Business or the location of a Franchised Restaurant in a Facility within which Franchisee or an Owner has an existing Competitive Business ("**Existing Business**"). If IHOP excludes Franchisee's or a

Controlling Owner's Existing Business from this Section 5.4(c), such exclusion will be noted in the NT FA for the Franchised Restaurant(s) to be developed within such Facility.

(d) **Reverse Engineering Prohibited**. IHOP retains all rights, title and interest in and to all Proprietary Products and all product specifications which may be disclosed to Franchisee or utilized by Franchisee pursuant to this Agreement. Franchisee and its Owners will not reverse engineer, decompile or disassemble any IHOP product, including, but not limited to, any Proprietary Product. Franchisee will take reasonable steps to ensure that no employee reverse engineers, decompiles or disassembles any IHOP product, including, but not limited to, any Proprietary Product. Notwithstanding anything to the contrary in this Agreement, IHOP will have the right to terminate this Agreement and all NT FAs or other franchise agreements then in effect, and seek all remedies at law and in equity which may be available to IHOP for violation of this Section 5.4(d), upon reasonable belief or proof that Franchisee, any current or former employee of Franchisee or any Owner, agent or other representative of Franchisee, has violated this Section 5.4(d).

6.
ASSIGNMENT

6.1 **Assignment or Delegation by IHOP**. IHOP may transfer or assign this Agreement or any of its rights or obligations under this Agreement, each NT FA or any of its rights or obligations under each NT FA, its direct or indirect ownership interests or its assets, in whole or in part, without the consent of Franchisee; provided that the assignee will agree to assume all of IHOP's obligations under this Agreement and each NT FA that IHOP assigns to the assignee. Without limiting the foregoing, IHOP may: (i) assign any and all of its rights and obligations under this Agreement to an affiliate; (ii) sell its assets, its Marks, or its System outright to a third party; (iii) engage in a public offering of its securities; (iv) engage in a private placement of some or all of its securities; (v) undertake a refinancing recapitalization, leveraged buy-out or other economic or financial restructuring; or (iv) merge, acquire other business entities or be acquired by another business entity. IHOP shall be permitted to perform such actions without liability or obligation to Franchisee who expressly and specifically waives any claims, demands, or damages arising from or related to any or all the above actions (or variations thereof). Franchisee agrees upon request to execute such documents as IHOP may reasonably request, including but not limited to a consent to assignment and an estoppel certificate, as may be required by the terms of IHOP's financing arrangements. Following assignment, IHOP will no longer be responsible for post-assignment obligations. IHOP will have the right to delegate to one or more of its affiliates some of all IHOP's duties to Franchisee under this Agreement.

6.2 **Assignment by Franchisee**.

(a) This Agreement has been entered into by IHOP in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence reposed in Franchisee. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Franchisee will sell, encumber, assign, transfer, convey, pledge, merge, or give away, voluntarily or involuntarily, in whole or in part, by operation of applicable law or otherwise ("**Assign**" or an "**Assignment**"), any direct or indirect interest in this Agreement or any Non-Traditional Franchise Addendum or any of its rights or privileges under this Agreement or any Non-Traditional Franchise Addendum, in Franchisee (except as provided with respect to Assignments that do not effect a Change of Control in Section 6.2(d) below), or in all or substantially all of the assets of the businesses which are the subject of this Agreement and each NT FA without the prior written consent of IHOP, which consent may be withheld at IHOP's option. Except as provided in Section 6.2(b) of this Agreement, Franchisee acknowledges and agrees that it will not be permitted to Assign any interest in this Agreement or sell, gift, convey, assign or transfer the assets used in any of the Franchised Restaurant(s) developed under this Agreement or any NT FA executed pursuant to this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all of the assets used in all of Franchisee's Franchised Restaurant(s), and of all interests in the NT FAs executed pursuant to this Agreement. At IHOP's election, the assignee must execute IHOP's then-current form of Non-Traditional Multi-Unit Franchise Agreement and IHOP's then-current form of NT FA for each Franchised Restaurant then developed or under development by Franchisee.

(b) Franchisee will not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement or any Non-Traditional Franchise Addendum in any manner whatsoever without the prior express written consent of IHOP. To the extent that the foregoing prohibition may be ineffective under applicable law, Franchisee will provide not less than 30 days' prior written notice (which notice will contain the name and address of the secured party and the terms of such pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement or any NT FA. Franchisee will pay IHOP a transfer fee specified from time to time in the Operations Bulletins ("**Transfer Fee**"). Franchisee will pay IHOP 50% of the Transfer Fee at the time Franchisee serves written notice upon IHOP of the proposed Assignment. IHOP may waive all or a part of the training fee to the extent IHOP determines that the assignee's Designated Representative does not require training. Franchisee will sign a general release of claims upon IHOP's receipt of a Transfer Fee in accordance with this Section 6.2(b).

(c) To the extent Franchisee's securities, partnership or other ownership interests are not currently publicly traded, securities, partnership or other ownership interests in Franchisee may be (i) offered to the public under the Securities Act of 1933, as amended, (ii) registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation; or (iii) offered by private offering or otherwise, but in all cases all materials required for any such private offering by federal or state law will be submitted to IHOP for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering will be submitted to IHOP for such review prior to their use. No such offering by Franchisee will imply that IHOP is participating in an underwriting, issuance or offering of securities of Franchisee or IHOP, and IHOP's review of any offering materials will be limited solely to the subject of the relationship between Franchisee and IHOP and its Affiliates. IHOP may, at its option, require Franchisee's offering materials to contain a written statement prescribed by IHOP concerning the limitations described in the preceding sentence. Franchisee, its owners and the other participants in the offering shall fully defend and indemnify IHOP, and its affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and will execute any additional documentation required by IHOP to further evidence this indemnity. For each proposed offering, Franchisee will pay to IHOP a non-refundable fee ("**Offering Fee**"), which will be in addition to any Transfer Fee, or such greater amount as is necessary to reimburse IHOP for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee will give IHOP written notice at least 30 days prior to the date of commencement of any offering or other transaction covered by this Section.

(d) Notwithstanding the above, any transfer of interests in Franchisee that does not result in a Change in Control of Franchisee may be completed without IHOP's prior written consent, if the conditions and requirements set forth in this Section 6.2(d) are met. In connection with any proposed transfer of interests in Franchisee that does not result in a Change in Control of Franchisee, Franchisee will promptly notify IHOP of such proposed transfer in writing and will provide such information relative thereto as IHOP may reasonably request prior to the transfer. The transferee will not be one of IHOP's competitors and will not be a "Specially Designated National" or "Blocked Person" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control, or support, or be in any way associated with, any terrorist group or any groups or organizations that provide any form of direct or indirect support or assistance to terrorist groups. As to entities or individuals who will hold any ownership interests in the transferee and therefore will be Owners as defined in Section 5.4 of this Agreement, such entities or individuals may be required to execute non-competition covenants (including covenants applicable upon the termination of a person's relationship with Franchisee). For the purposes of this Section 6.2(d), a "**Change in Control**" is effected upon a transfer, in a single transaction or in a series of transactions, (a) if Franchisee is a corporation or limited liability company, of more than 49% of the ownership or voting shares or membership interests, as applicable, or each class of Franchisee's issued and outstanding capital stock or membership interests, as applicable including, by way of example and without limitations, a 49% owner acquiring an additional 2% ownership interest, or (b) if Franchisee is a partnership, if the transfer would result in a change of the owner of more than 49% interest in the operating profits and operating losses of the partnership as well as more than 49% of the ownership or voting interests in the partnership (and more than 49% interest in the shares of each class of capital stock or voting interests of any corporate general partner).

6.3 Third Party Operator. Franchisee may transfer management or operations of any Franchised Restaurant to a third-party operator, subject to IHOP's consent, which consent will not be unreasonably withheld; provided IHOP may, at its option, revoke its consent to the manager or operations of any Franchised Restaurant by a third-party operator in the event that such third-party operator fails to operate the Franchised Restaurant in compliance with the Standards. Franchisee further agrees that any third-party operator must, and its key managerial employees must, sign a form of confidentiality and non-competition agreement containing the covenants in Section 5.4 of this Agreement.

7.
TERMINATION

7.1 Termination Right. If a Facility unilaterally terminates the Facility Contract with Franchisee and requires that Franchisee close a Franchised Restaurant within that Facility, Franchisee will have the right to terminate without penalty or liability for damages, the NT FA for the Franchised Restaurant located within the Facility, upon providing IHOP with 60 days' written notice; provided, however, that any action or inaction by Franchisee which causes, facilitates or allows a Facility to terminate its contract with Franchisee will void this Section 7.1.

7.2 Notice of Material Default and Cure Rights.

(a) If IHOP determines that Franchisee is in material default of this Agreement and/or a NT FA, IHOP may, at its option, notify Franchisee that it will have seven days after its receipt of a notice of default within which to remedy such material default, or such lesser time as set forth herein below and to provide evidence of such remedy. If such default is not cured within the specified time (or for non-monetary defaults, such additional reasonable time period not to exceed 30 days, if Franchisee has commenced and is diligently pursuing cure of a material default that by its nature requires additional cure time), IHOP will have the right to immediately terminate this Agreement and/or the applicable NT FA by providing notice of termination to Franchisee.

(b) Notwithstanding anything to the contrary in this Agreement, IHOP may, at its option, terminate this Agreement or any NT FA immediately upon notice to Franchisee:

(i) If Franchisee's continued operation of one or more Franchised Restaurants will result in an imminent danger to health or public safety as determined by IHOP in its reasonable discretion;

(ii) If Franchisee's continued operation of one or more Franchised Restaurants will devalue the Marks or cause a loss of goodwill for the IHOP brand and Franchisee fails to cure such default within 48 hours after receiving written notice from IHOP of the default;

(iii) If any Franchised Restaurant is not ready to be opened for business in compliance with Section 3.4 of this Agreement by the Anticipated Opening Date, or the additional time permitted by Section 3.5 of this Agreement lapses, IHOP may terminate the applicable NT FA;

(iv) If Franchisee attempts to Assign this Agreement, without the prior written consent of IHOP and in violation of Section 6.2 of this Agreement, or if an Assignment of this Agreement by Franchisee will occur by operation of law, or due to judicial process;

(v) If Franchisee fails or refuses to pay its payment obligations to IHOP in accordance with the terms of this Agreement and fails to cure such default by paying all amounts in full no more than seven days after receiving notice of such default from IHOP;

(vi) If Franchisee fails to maintain at least a "B" rating or its equivalent under IHOP's then-current evaluation criteria for franchisees and Franchisees and fails to commence curing such default within seven days after receiving notice of such default from IHOP;

(vii) If Franchisee understates Gross Sales by 5% or more in any report to IHOP or its affiliates;

(viii) If Franchisee fails, for a period of 10 days after notification of noncompliance, to comply with any applicable law governing the operation of a Franchised Restaurant;

(ix) If Franchisee fails or refuses to pay its payment obligations to IHOP in accordance with the terms of this Agreement three or more times during any 12-month period, whether or not IHOP provides notice of such default and whether or not Franchisee has cured such defaults; or

(x) If Franchisee fails to open the number of Franchised Restaurants specified in **Attachment A** by the applicable Anticipated Opening Date.

(c) Notwithstanding anything to the contrary in this Agreement, this Agreement and all NT FAs then in effect will terminate automatically if Franchisee is insolvent, or, if Franchisee files a voluntary petition and is adjudicated bankrupt; or if an involuntary petition is filed against it and such petition is not dismissed within 30 days; or if it will make an assignment for the benefit of creditors; or if a receiver or trustee in bankruptcy or similar officer, temporary or permanent, be appointed to take charge of Franchisee's affairs or any of its property; or if dissolution be commenced by or against Franchisee or if any judgment against Franchisee remains unsatisfied or unbonded of record for 15 days.

(d) IHOP and Franchisee agree that if a default by Franchisee can be reasonably attributed to specific acts, errors or omissions stemming from operations or personnel at one (or more) specific Franchised Restaurants(s), and such default gives rise to a right of termination by IHOP under this Agreement, IHOP will be limited to terminating Franchisee's rights to operate only those Franchised Restaurants(s) and the NT FAs to which such default is directly attributable, and this Agreement and Franchisee's rights under this Agreement and other NT FAs then in effect will otherwise remain in full force and effect as to such other non-defaulting Franchised Restaurants from and after the termination of rights to such defaulting Franchised Restaurant(s). Notwithstanding the foregoing, in the event the greater of three Franchised Restaurants owned and/or operated by Franchisee or its affiliates or 25% or more of the Franchised Restaurants owned and/or operated by Franchisee or its affiliates are in default, IHOP shall have the right to terminate this Agreement and all other NT FAs then in effect.

8.
OBLIGATIONS OF FRANCHISEE UPON TERMINATION

8.1 Upon termination or expiration of this Agreement and/or a NT FA, all rights granted under this Agreement and/or the applicable the NT FA will terminate (as set forth in the applicable notice of termination or expiration), and (except as to any remaining rights under this Agreement, if still effective or any other NT FA still in effect, as applicable):

(a) **Cessation of Operations**. Franchisee will immediately cease to operate the applicable Franchised Restaurant(s), and if Franchisee is then no longer operating any Franchised Restaurant(s), will not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee or Franchisee of IHOP.

(b) **Cessation of Use of Confidential Information and Marks**. Franchisee will immediately and permanently cease to use, by advertising or in any other manner whatsoever, any Confidential Information, including as to Franchisee Confidential Information associated with the Standards, Operations Bulletins and all Marks, and return any hardcopy Operations Bulletins to IHOP.

(c) **De-Identification Requirement.** Upon the expiration or earlier termination of any Non-Traditional Restaurant Franchise Addendum for any reason, Franchisee shall, upon written demand of IHOP, at its sole cost and expense remove all IHOP Marks from all buildings, signs, fixtures and furnishings, and alter to and paint all buildings and other improvements maintained pursuant to the NT FA to a design and color which is basically different from IHOP's authorized building design and paint schedule. In addition to and without limiting the generality of the foregoing, Franchisee shall make any other changes which IHOP deems prudent.

(d) **Payment of Monies Due**. Franchisee will promptly pay all sums owing to IHOP and its Affiliates with respect to the terminated Franchised Restaurants.

8.2 **Compliance with Post Term Covenants and Other Continuing Obligations**. All covenants, obligations, and agreements of IHOP and/or Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, will survive such termination or expiration.

9.
GUARANTEE, INDEPENDENT CONTRACTOR, EXPERIENCE, INSURANCE AND INDEMNIFICATION

9.1 **Guarantee**. If IHOP, at its option, based upon Franchisee's financial position and performance history, requires Franchisee's obligations to be guaranteed, each person or entity owning (directly or indirectly), the equity or voting rights of Franchisee and their spouses, if and as applicable, will execute a guarantee of obligations ("**Guarantee**") in a form prescribed by IHOP, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of all of the obligations to IHOP and its affiliates under this Agreement and each NT FA executed pursuant to this Agreement. Franchisee will provide IHOP, prior to execution of this Agreement, a statement of ownership interests or other similar shareholder or member information of Franchisee and its Owners in the form that IHOP prescribes.

9.2 **No Fiduciary Relationship**. This Agreement does not create a fiduciary relationship between the parties to this Agreement. Franchisee is an independent contractor; and nothing in this Agreement is intended to constitute or appoint either party an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose whatsoever. Neither party is authorized to make any contract, agreement, warranty, or representation on the other parties' behalf, or to incur any debt or other obligations in the other parties' name. Franchisee will conspicuously identify itself and the Franchised Restaurant(s) in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent Franchisee of IHOP, and will place such notice of independent ownership in its Franchised Restaurant(s) and on all forms.

9.3 **Franchisee's Experience**. IHOP has entered this Agreement upon the knowledge and belief that Franchisee and/or one or more of its Owners, officers, partners, directors, managers, members and employees, as applicable, have significant experience operating one or more similar restaurants, whether under the IHOP brand or other brands. IHOP is relying on Franchisee's and/or its Owners', officers' and directors' experience operating one or more restaurants under the IHOP brand or other brands. Franchisee represents and warrants to IHOP that Franchisee has such knowledge and experience in the financial, operational and other business matters associated with developing one or more Restaurants in Facility(ies) as to be capable of evaluating the merits and risks of developing one or more Franchised Restaurants in Facility(ies) and as to be capable of independently undertaking to construct and operate a Franchised Restaurant in a Facility. Franchisee will not rely on IHOP to instruct Franchisee as to the specific risks or preferred practices with respect to opening Franchised Restaurant(s) in Facility(ies).

9.4 **Insurance**. Subject to any other additional requirements set forth in the Facility Contract, Franchisee will procure, prior to the opening of each Franchised Restaurant, and will maintain in full force and effect at all times during the term of each NT FA, at Franchisee's expense, an insurance policy or policies protecting Franchisee, IHOP, their affiliates, and their respective partners, managers, members, officers, shareholders, directors, agents, and employees, against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring upon or in connection with the operation of the Franchised Restaurant(s). IHOP will prescribe minimum standards, coverages and limits in the Operations Bulletins, and Franchisee agrees to procure and maintain insurance policies in compliance with the Operations Bulletins. Such policy or policies will: (a) be written by insurer(s) licensed and admitted to write coverage in the states in which the Franchised Restaurants are located and with a rating of "A" or better as set forth in the most recent edition of Best's Key Rating Guide; (b) name IHOP and its partners, stockholders, directors, agents, and employees as additional insured's on a primary non-contributory basis; and (c) comply with the general requirements prescribed by Facilities from time to time.

Franchisee will supply IHOP with certificates of insurance from time to time during the term of this Agreement, including 10 days prior to the date that a Franchised Restaurant opens for business to the public, 10 days prior to the date on which any insurance policy is scheduled to expire, and at such other times as IHOP may reasonably require. If Franchisee fails to procure and maintain insurance for any Franchised Restaurant, IHOP, at Franchisee's expense may, but is not obligated to, procure such insurance as is necessary to meet IHOP's requirements. Franchisee may obtain such other additional insurance as Franchisee deems proper in connection with the operation of its business.

9.5 **Indemnification**. Franchisee will indemnify and hold harmless to the fullest extent by law, IHOP, its parents and affiliates and their respective directors, officers, managers, members, partners, employees, shareholders, and agents, ("**Indemnitees**") from any and all "**losses and expenses**" (as defined below) incurred in connection with any formal or informal dispute, procedure, claim, demand, investigation, or inquiry, or any settlement thereof, which arises directly or indirectly from, as a result of, or in connection with Franchisee's material acts, errors or omissions in connection with this Agreement and each NT FA and the Franchised Restaurant(s) ("**event(s)**"), and regardless of whether such losses and expenses resulted from any strict or vicarious liability imposed by law on the Indemnitees. The term "**losses and expenses**" will be deemed to include compensatory, exemplary, or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. The Indemnitees will give Franchisee prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, the Indemnitees may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided the Indemnitees will seek the advice and counsel of Franchisee in connection with any such defense and/or settlement. Any assumption of defense by the Indemnitees will not modify the indemnification obligation.

9.6 **[Reserved]**.

10.
GENERAL CONDITIONS AND PROVISIONS

10.1 **Choice of Law**. IHOP and Franchisee agree that the laws of California (without giving effect to any conflict of laws) will govern the parties' relationship and the interpretation and enforcement of this Agreement and the NT FAs; except that as to Section 5.4(c) of this Agreement the law of the state where the affected Franchised Restaurant is domiciled will govern the interpretation and enforcement of this Agreement.

10.2 **Non-Binding Mediation; Arbitration; Injunctive Relief; Costs and Expenses.**

(a) The parties agree that either party must submit any claim, controversy, or dispute arising out of this Agreement to non-binding mediation before bringing any action in any court or other adversarial proceeding, including arbitration as provided below, provided that Franchisee will not be required to pursue mediation of any claim, controversy, or dispute involving its contract with a Facility, and provided that IHOP will not be required to pursue mediation (or arbitration) for any action relating to amounts owed to IHOP by Franchisee or for any action involving violation of its intellectual property rights, including without limitation, its ownership of the Marks, or for any action in which IHOP seeks injunctive relief. Any non-binding mediation will take place in Glendale, California and will be conducted through either an individual mediator or a mediation services organization agreed by the parties, provided the mediator will be experienced in the mediation of food service business disputes, and IHOP and Franchisee agree to each bear one-half of the mediator's fees and their own costs related to the mediation. Failing agreement by IHOP and Franchisee on the mediator within 30 days after a party provides a written demand for mediation, the mediator will be selected by the American Arbitration Association ("**AAA**") from its approved panel of mediators.

(b) With respect to any controversies, disputes or claims which are not finally resolved through non-binding mediation (or if either party fails to respond to or participate in non-binding mediation within 60 days following delivery of notice of a request for mediation to the other party)**,** the parties agree that such controversies, disputes or claims will be submitted to arbitration before and in accordance with the then-current commercial rules of the AAA; provided that the jurisdiction of the arbitrators will be limited to a decision rendered pursuant to California common and statutory law. Judgment upon the award may be entered in any court having jurisdiction thereof. All arbitration claims and proceedings will be filed and prosecuted separately and individually in the name of Franchisee and IHOP (and/or its affiliates), and not in any representative capacity, and will not be consolidated with claims asserted by any other franchisee or licensee. The situs of arbitration proceedings shall be in Los Angeles, California.

(c) If either party initiates non-binding mediation or arbitration in accordance with this Section 10.2, the applicable statute of limitations will be tolled while such proceedings are pending.

(d) Nothing contained in this Agreement will bar either party's right to seek injunctive relief in any court of competent jurisdiction without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to Confidential Information, the Marks or an action or omission by Franchisee arising from an obligation to a Facility.

(e) If any party to this Agreement commences any action or proceeding for the purpose of enforcing, or preventing the default of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged default of any provision hereof, or for a declaration of such party's rights or obligations under this Agreement, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including reasonable attorneys' fees for the services rendered to such prevailing party.

10.3 Non-exclusivity of Remedy. No right or remedy conferred upon or reserved to IHOP or Franchisee by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each will be cumulative of every other right or remedy.

10.4 IHOP's Remedies.

(a) In addition to all other remedies granted by this Agreement, if Franchisee defaults in the performance of any of its obligations or materially breaches any term or condition of this Agreement or any NT FA, IHOP or its affiliate may, at their election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee cure such default for the account and on behalf of Franchisee, and the cost to IHOP or its affiliate will be due and payable on demand and will be deemed to be additional compensation due to IHOP or its affiliate under this Agreement and will be added to the amount of compensation next accruing hereunder, at the election of IHOP or its affiliate.

(b) In the event of a material breach of this Agreement, IHOP may, at its election pursue the following remedies in addition to such other remedies as may be available to IHOP under this Agreement and at law or equity: (i) terminate this Agreement and all NT FAs entered into under this Agreement, and thereafter bring such action as IHOP may deem proper to protect its rights under this Agreement, in accordance with this Section 10, and (ii) seek to recover such damages, including all sums due and owing pursuant to this Agreement, the NT FAs and any other agreement between IHOP or one of its affiliates and Franchisee, as IHOP may, at its option, deem appropriate. In computing such damages, it is agreed that the benefit of IHOP's bargain will include the present value of average Continuing Royalty fees, computed on the basis of the last 52 weeks that Franchisee conducted business at one or more Franchised Restaurants (or if no Franchised Restaurant has been open for 52 weeks, the longest period that any Franchised Restaurant was open for business) multiplied by the aggregate of the number of weeks remaining under each Term, computed from the effective date of the termination of this Agreement.

(c) In addition to the other remedies available to IHOP, in the event that Franchisee shall fail or refuse to make any of the payments due under this Agreement or any NT FA entered into pursuant to this Agreement, when due, Franchisee shall pay interest at the highest rate permitted by law, or 1% per month, whichever is less, on such late obligations to defray the cost of maintaining Franchisee's account in arrears, it being expressly understood that payment of this charge shall not forgive or excuse any arrearage.

10.5 LIMITATION OF ADJUDICATIVE PROCEEDINGS; WAIVER OF DAMAGES. IHOP AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. ANY AND ALL CLAIMS AND ACTIONS ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP OF IHOP AND FRANCHISEE BROUGHT BY ANY PARTY TO THIS AGREEMENT AGAINST THE OTHER, WILL BE COMMENCED WITHIN TWO YEARS FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION WILL BE BARRED. IHOP AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY OR SPECIAL DAMAGES AGAINST THE OTHER (INCLUDING BUT NOT LIMITED TO LOST PROFITS) AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH WILL BE LIMITED TO THE RECOVERY OF ANY DIRECT OR GENERAL DAMAGES SUSTAINED BY IT.

10.6 Waiver and Delay. Subject to the parties' agreements in Section 3.1, no waiver by IHOP of any defaults, and no failure, refusal or neglect of IHOP to exercise any right, power or option given to it under this Agreement or under any Non-Traditional Franchise Addendum or other agreement between IHOP or one of its affiliates and Franchisee, or IHOP's insistence upon material compliance with or performance of the obligations under this Agreement or any NT FA or other agreement between IHOP or one of its affiliates and Franchisee, will constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent default or a waiver by either party of its right at any time thereafter to require compliance with the applicable provisions.

10.7 Successors and Assigns. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the parties, subject to the prohibitions and restrictions against transfer and assignment contained in this Agreement.

10.8 Entire Agreement. This Agreement and the Attachments incorporated into this Agreement contain all the terms and conditions agreed upon by the parties to this Agreement concerning the subject matter hereof. Except as set forth in the franchise disclosure document, no other agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind any of the parties to this Agreement and all prior agreements, understandings and representations, are merged into this Agreement and superseded hereby. This Agreement cannot be modified or changed except by written instrument signed by all the parties to this Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

10.9 Severability, Modification. Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to applicable law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but in such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, Section, paragraph, sentence or clause of this Agreement will be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

10.10 Notices. Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the parties pursuant to this Agreement will be deemed so delivered at the time delivered by hand or email; one business day after electronically confirmed transmission by facsimile; one business day after delivery by Express Mail or other recognized, reputable overnight courier; or three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to Franchisee or IHOP, as applicable, at the addresses set forth on the signature page. Either party may change its address for receiving notices, demands and other communications as in this Agreement provided by a written notice given in the manner aforesaid to the other party.

10.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument. Signatures transmitted electronically or by facsimile will be deemed original signatures; provided the party delivering such electronic or facsimile signature will deliver to the other an original signature page within 24 hours after transmission.

11.
REPRESENTATIONS, CONVENANTS AND ACKNOWLEDGMENTS

11.1 Organizational Representations and Warranties. IHOP and Franchisee each represent and warrant to the other that it is duly organized and validly existing under the law of the state of its formation, is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns require such qualification and the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within its corporate power.

11.2 Anti-Terrorism and Anti-Corruption Laws. Franchisee represents and warrants to IHOP that neither it nor any of its owners is identified, either by name or an alias, pseudonym or nickname, on the lists of "Specially Designated Nationals" or "Blocked Persons" maintained by the U.S. Treasury Department's Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ ofac/). Further, Franchisee represents and warrants that has not violated, and agrees not to violate, any law prohibiting corrupt business practices, money laundering or the aid or support of persons who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act (text currently available at http://www.epic.org/privacy/terrorism/ hr3162.html), U.S. Executive Order 13224 (text currently available at http://www.treas.gov/offices/ enforcement/ofac/legal/eo/13224.pdf), or any similar law. The foregoing constitutes continuing representations and warranties, and Franchisee will immediately notify IHOP in writing of the occurrence of any event or the development of any circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

[SIGNATURES ON NEXT PAGE]

The parties have executed this Agreement as of the Effective Date set forth below.

IHOP:

IHOP FRANCHISOR LLC,
a Delaware limited liability company

By: ______________________________
Name: ____________________________
Title: _____________________________

FRANCHISEE:

____

By: ______________________________
Name: ____________________________
Title: _____________________________

***Effective Date**: ___________________

Address for Notice Purposes:

General Counsel
IHOP Franchisor LLC
10 W. Walnut St.
Pasadena, CA 91103
Fax: (818) 637-5362

Address for Notice Purposes:

____
____
____
____

IHOP # NT__

ATTACHMENT A

NON-TRADITIONAL MULTI-UNIT FRANCHISE AGREEMENT TERMS

1. The **Franchised Area** described in Section 1.1(a) is defined as the geographic territory contained within the boundaries described below:
____
____
____

2. Franchisee may develop Franchised Restaurants in the following type(s) of Facility(ies):

____a. Airports

____b. Educational Facilities (for example, schools, colleges or universities)

____c. Sports Facilities (for example, stadiums or arenas)

____d. Recreational Facilities (for example, theme parks, amusement parks, casinos, zoos)

____e. Healthcare Facilities (for example, hospitals)

____f. Government Facilities (for example, military bases)

____g. Convention and Conference Centers

____h. Business Facilities (for example, cafeterias or office campuses)

____i. Travel Hubs (for example, train stations, turnpikes and limited access toll road plazas)

____ j. Other non-traditional venues, specifically: ____
____

3. Franchisee may develop up to _____________ (specify number) Franchised Restaurants. Franchisee will develop the Franchised Restaurants [within ______years from the Effective Date] according to the following time periods:

# of Franchised Restaurants:	**Anticipated Opening Date:**	**Type of Restaurant(s)** (IHOP Limited-Service or IHOP Full-Service or "Flip'd by IHOP", as defined in **Attachment B**):

4. The **Expiration Date** described in Section 2.1 is: ____

5. The **Renewal Fee** as of the date of this Agreement described in Section 4.3(c)(iii) is $5,000.

6. The **National Advertising Fee** described in Section 4.4(c) is up to 3.5% of Gross Sales.

7. The **Local Advertising Expenditure Requirement** described in Section 4.4(d) is up to 1% of Gross Sales.

8. The current **Transfer Fee** described in Section 6.2(b) consists of a $7,500 transfer fee and a $5,000 training fee for each NT FA.

9. The current **Offering Fee** described in Section 6.2(c) is $5,000.

10. The current training costs, as described in Section 4.5(f), are as follows:

    a) Initial Training: Franchisee will not pay any initial training fee for up to two persons. Franchisee shall pay all expenses for such trainees. If IHOP provides initial training for more than two persons for each Franchised Restaurant, or if Franchisee requests training for a general manager more than one year after the Effective Date of a NT FA, Franchisee must pay IHOP's then-current training fee for such training, which is $5,000 as of the date of this Agreement.

    b) Opening Training Support: Franchisee shall pay an opening training support fee for each Franchised Restaurant for which IHOP elects to provide such assistance, which may be up to $55,000 for an IHOP Full-Service Restaurant or up to $7,000 for an IHOP Limited-Service Restaurant. Franchisee shall pay all expenses for such trainers.

11. The **Designated Representative** as described in Section 4.5(f) shall be ____________________, whose address, email and telephone number are as follows:

    ____
    ____
    ____

IHOP #_____
City/State:___________
Facility:_____________

ATTACHMENT B

NON-TRADITIONAL RESTAURANT FRANCHISE ADDENDUM

This Non-Traditional Restaurant Franchise Addendum ("**NT FA**") is made and entered into as of ____________________, 20___ ("**Commencement Date"**), by and between IHOP FRANCHISOR LLC, a Delaware limited liability company ("**IHOP**"), and ____________________, a __________ ______________, having its principal offices at ____________________________ ("**Franchisee"**) with reference to the following facts:

A. IHOP and Franchisee have entered into an IHOP Non-Traditional Multi-Unit Franchise Agreement ("**IHOP NT MUFA**") pursuant to which IHOP granted Franchisee rights to develop one or more Franchised Restaurants in the Franchise Area (defined in **Attachment A** to the IHOP NT MUFA).

B. IHOP has agreed to permit Franchisee to develop one or more Franchised Restaurant(s) at non-traditional venue(s) ("**Facility(ies)**"), which include, but are not limited to, educational facilities such as schools and universities, travel facilities such as airports, bus stations, train stations, travel centers and truck stops recreational facilities such as theme parks, amusement parks, zoos, casinos and shopping malls, government facilities such as military bases, healthcare facilities such as hospitals, sports facilities such as stadiums and arenas, convention centers and other venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider, as set forth in **Attachment A** to the IHOP NT MUFA;

C. Under the IHOP Limited-Service Program, IHOP has agreed to permit Franchisee to develop one or more quick-serve Franchised Restaurants, which occupy approximately 800-1,200 square feet, with counter order, pay and pick up service, portable items from a limited menu offering and with shared seating such as in a food court setting or limited dedicated seating ("**Quick-Serve Restaurant**") or fast-casual Franchised Restaurants, which occupy approximately 1,200 – 3,500 square feet, with counter ordering and table delivery service, an expanded menu offering packaged items for dine in or take out and dedicated seating ("**Fast-Casual Restaurant,**" and collectively with Quick-Serve Restaurant as "**IHOP Limited-Service Restaurant(s)**"). Under the Full-Service Program, IHOP has agreed to permit Franchisee to develop one or more full-service Franchised Restaurants, which occupy approximately 2,500 – 5,000 square feet, with table delivery service in a dedicated dining area with a full menu offering ("**Full-Service Restaurant**").

D. Franchisee now desires to locate, develop and operate one Franchised Restaurant, under the Standards and Marks, and pursuant to the IHOP NT MUFA, at the Location listed below, and IHOP has agreed to grant Franchisee the right to locate, develop and operate such Franchised Restaurant.

NOW THEREFORE, the parties agree as follows:

1. **Incorporation by Reference**. It is agreed that, except for those specific items set forth below, all the terms, conditions and provisions of the IHOP NT MUFA (including all defined terms) are incorporated-

in this NT FA as if fully and completely set forth in this NT FA. The incorporation of the applicable terms and provisions of the IHOP NT MUFA into this NT FA will continue in effect so long as this NT FA remains in effect, notwithstanding the expiration or termination of the development rights under the IHOP NT MUFA.

2. **Grant**. Subject to the terms and conditions of the IHOP NT MUFA and Franchisee's continuing faithful performance, IHOP hereby grants to Franchisee the right to operate one restaurant under the Standards and the Marks ("**Franchised Restaurant**") to be located at:

____

____

("**Location**")

The Franchised Restaurant at the Location will be operated as an:

____a. IHOP Limited-Service Restaurant

____ (i) Fast-Casual Restaurant

____ (ii) Quick-Serve Restaurant

____b. IHOP Full-Service Restaurant

3. **Initial Term**. This Term will commence on the Effective Date and continue for a term of _______ years from the Actual Opening Date, unless terminated earlier as provided in the IHOP NT MUFA. Termination of this NT FA will not, in and of itself, effect a termination of the NT MUFA. Franchisee will have the right to obtain a successor term in accordance with the terms and conditions of Section 4.2 of the IHOP NT MUFA.

4. **Franchised Area**. The following area within the Facility has been designated by IHOP and accepted by Franchisee as the "**Franchised Area**" of the Franchised Restaurant in accordance with Section 4.1 of the IHOP NT MUFA:

[ ] The area is described as follows:

____

____

5. **Initial Franchise Fee**. Franchisee will pay to IHOP an initial franchise fee of:

____a. $15,000 for an IHOP Limited-Service Restaurant (Fast-Casual Restaurant or Quick-Serve Restaurant)

____b. $25,000 for an IHOP Full-Service Restaurant

6. **Continuing Royalty**. IHOP and Franchisee agree that the Continuing Royalty for the Franchised Restaurant authorized by this Addendum will be in the amount of 4.5% of Gross Sales.

7. **Anticipated Opening Date**: _____________________

8. **National Advertising Fee**:

__ Level 1: 3.5% of Gross Sales
__ Level 2: 2% of Gross Sales
__ Level 3: 1% of Gross Sales

9. **Local Advertising Expenditure Requirement**:

__ Level 1: 0% of Gross Sales
__ Level 2: 1% of Gross Sales
__ Level 3: Other: _______________

10. **<u>Permitted to join Regional Advertising Cooperative</u>**: __ Yes
__ No

11. **<u>Existing Business(es)</u>**. IHOP agrees that Franchisee's Existing Business(es) are not deemed Competitive Businesses for purposes of Section 5.4(c) of the IHOP NT MUFA:

Existing Business: ____

Specific Location within Facility: ____

12. **Training** (Check as applicable):
_______# of people to go to Initial Training: ___________
_______Initial Training Waived
_______Opening Training Support Required
_______# of Trainers IHOP to Provide: _____________
_______# of Trainers Franchisee to Provide: __________
_______Opening Training Support Fee: ____________
_______Opening Training Support Waived

13. **<u>General Release</u>**. Franchisee (on its behalf and on behalf of its respective parents, subsidiaries and affiliates and each of their respective past and present members, officers, directors, stockholders, agents and employees, in their corporate and individual capacities) ("**Releasors"**) freely and without any influence forever releases and covenants not to sue IHOP, or its respective parents, subsidiaries and affiliates and each of their respective past and present members, officers, directors, shareholders, agents and employees, in their corporate and individual capacities ("**Releasees**") with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected ("**Claims"**), which any Releasors now own or hold or may at any time have owned or held as of the Effective Date of this NT FA, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the NT FA, this NT FA and all other agreements between any Releasor and any Releasee, the sale of any franchise or license to any Releasor and the development and operation of all existing Franchised Restaurants. Franchisee expressly agrees that fair

consideration has been given by it for this mutual general release and fully understands that this is a negotiated, complete and final release of all Claims. This general release does not release or otherwise impair or affect any claims arising after the date of this NT FA.

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

Franchisee, for itself and for the Releasors, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

With respect to those claims, demands, obligations, liabilities, actions, and causes of actions being released pursuant to this General Release, Franchisee, for itself and for the Releasors, acknowledges that it is releasing unknown claims and waives all rights it has or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect.

Franchisee, for itself and for the Releasors, acknowledges that this General Release extends to claims which the Releasors do not know or suspect to exist in favor of the Releasors at the time of executing this General Release, which if known by the Releasors may have materially affected its decision to enter this General Release. It is understood by the Releasors that the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. The Releasors, therefore, expressly assume the risk of the facts turning out to be so different and agrees that this Mutual General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Non-Traditional Restaurant Franchise Addendum on ____________________, 20___.

IHOP:	**FRANCHISEE:**
IHOP FRANCHISOR LLC	________________________________
a Delaware limited liability company	
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ____________________________
Title: _____________________________	Title: _____________________________

GUARANTEE OF OBLIGATIONS
(IHOP NT MUFA)

EXHIBIT C

IHOP #_______

GUARANTEE OF OBLIGATIONS
(IHOP Non-Traditional Multi-Unit Franchise Agreement)

THIS GUARANTEE OF OBLIGATIONS (IHOP Non-Traditional Multi-Unit Franchise Agreement) ("**Guarantee**") is given by ___________________________ (hereinafter referred to as "**the undersigned**") to IHOP FRANCHISOR LLC, a Delaware limited liability company (hereinafter referred to as "**IHOP**"), in consideration of the execution of the IHOP Non-Traditional Multi-Unit Agreement by ________________________________ (hereinafter referred to as "**Franchisee**").

The undersigned hereby covenants with IHOP that if default shall, at any time, be made by Franchisee in the payment of any sums of money due IHOP pursuant to the Non-Traditional Multi-Unit Franchise Agreement between IHOP Franchisor LLC and Franchisee to be executed concurrently herewith (hereinafter referred to as the "**IHOP NT MUFA**"), or if Franchisee shall default in fulfilling any of the covenants, agreements or conditions of the IHOP NT MUFA to be performed by Franchisee, the undersigned shall pay to IHOP, its successors or assigns, any sums of money which may be owing under the IHOP NT MUFA and/or shall take such action as may be required to cure the default in any of the covenants, agreements or conditions of the IHOP NT MUFA to be performed by Franchisee, and the undersigned will pay all damages that may arise as a consequence thereof.

This Guarantee shall be a continuing guarantee, and the liability of the undersigned hereunder shall in no way be affected or diminished in any manner whatsoever by reason of the assertion by IHOP against Franchisee of any of the rights or remedies reserved to IHOP pursuant to the IHOP NT MUFA, by reason of the waiver by IHOP, or the failure of IHOP to enforce any, of the provisions, covenants, or conditions of the IHOP NT MUFA, or by reason of the granting by IHOP of any indulgence or extension of time to Franchisee, and the liability hereunder shall in no way be affected or diminished by reason of any amendment, modification, renewal or extension of the IHOP NT MUFA, or the abandonment or surrender of the IHOP NT MUFA by Franchisee.

The undersigned hereby expressly waives the following:

(i) Notice of the acceptance of this Guarantee by any person or entity; and

(ii) Any and all notices to which the undersigned might otherwise be entitled to in connection with this Guarantee and the IHOP NT MUFA. It shall not be necessary for IHOP, in order to enforce this Guarantee, to first institute any suit or proceeding or exhaust legal remedies against Franchisee.

The undersigned hereby waives any right to require, as a condition precedent to bringing action on this Guarantee:

(a) Proceeding against Franchisee under the IHOP NT MUFA; or

(b) Pursuing any other remedy in IHOP's, their successors' or assigns' power whatsoever.

This Guarantee shall not be discharged or affected by the dissolution, liquidation or bankruptcy of Franchisee or the merger of Franchisee with another business entity.

This Guarantee is an absolute guaranty of payment and not of collection. The undersigned agrees to pay reasonable attorneys' fees, court costs and any and all other costs and expenses which may be incurred in the enforcement of this Guarantee, whether or not suit is brought hereon.

This Guarantee shall inure to the benefit of the IHOP and their successors and assigns. Notice of assignment, transfer or disposition by IHOP of their interests hereunder or under the IHOP NT MUFA is hereby waived by the undersigned.

The undersigned agrees to be personally bound by each and every provision of the IHOP NT MUFA including, without limitation, the agreement to arbitrate disputes in Section 10.2 of the IHOP NT MUFA.

This Guarantee shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, this Guarantee of Obligations is executed this ________ day of ___________________________, 20__.

____

APPROVED:
FRANCHISEE:

____

ACCEPTED:
IHOP:
IHOP FRANCHISOR LLC

By: ____

Its: ____

FINANCIAL STATEMENTS

EXHIBIT D

FINANCIAL STATEMENTS

IHOP Franchisor LLC

Fiscal Years Ended January 1, 2023 and January 2, 2022

With Report of Independent Auditors

IHOP Franchisor LLC

Financial Statements

Fiscal Years Ended January 1, 2023 and January 2, 2022

Contents

Report of Independent Auditors

Member of IHOP Franchisor LLC

Opinion

We have audited the financial statements of IHOP Franchisor LLC (the Company), which comprise the balance sheets as of January 1, 2023 and January 2, 2022, and the related statements of income, member's equity and cash flows for the fiscal years then ended, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at January 1, 2023 and January 2, 2022, and the results of its operations and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Ernst + Young LLP

Los Angeles, California
March 23, 2023

IHOP Franchisor LLC

Balance Sheets
(In thousands)

	January 1, 2023	January 2, 2022
Assets		
Current assets:		
Cash	$ 3,808	$ 4,814
Restricted cash	51	—
Receivables, net of allowance of $58 and $73	16,964	16,557
Related party note receivable	—	7,000
Total current assets	20,823	28,371
Long-term restricted cash	16,400	16,400
Long-term receivables, net of allowance of $80 and $68	10,174	10,230
Related party note receivable	7,000	—
Other non-current assets	681	295
Total assets	$ 55,078	$ 55,296
Liabilities and member's equity		
Current liabilities:		
Deferred revenue	$ 2,984	$ 2,893
Other accrued expenses	432	96
Total current liabilities	3,416	2,989
Long-term deferred revenue	20,376	20,764
Total liabilities	23,792	23,753
Commitments and contingencies		
Member's equity:		
Contributed capital	35,465	35,465
Due from Member (net of Due to Affiliates of $419,403 and $324,927)	(264,041)	(200,648)
Retained earnings	259,862	196,726
Total member's equity	31,286	31,543
Total liabilities and member's equity	$ 55,078	$ 55,296

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statements of Income
(In thousands)

	Fiscal Year Ended	
	January 1, 2023	**January 2, 2022**
Revenues		
Franchise revenues	$ 140,962	$ 122,463
Financing revenues	1,249	1,444
Total revenues	142,211	123,907
Costs and Expenses		
Franchise expenses:		
Advertising expenses	60,524	51,660
Bad debt expense reversal	(2)	(2,377)
Other franchise expenses	1,369	851
Total franchise expenses	61,891	50,134
Financing expenses	39	39
General and administrative expenses	17,820	15,479
Total costs and expenses	79,750	65,652
Other income, net	675	1,389
Net income	$ 63,136	$ 59,644

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statements of Member's Equity
(In thousands)

	Contributed Capital	Due from Member, net	Retained Earnings	Total
Balance, January 3, 2021	$ 35,465	$ (125,368)	$ 157,732	$ 67,829
Net income	—	—	59,644	59,644
Dividend distribution (Note 5)	—	—	(20,650)	(20,650)
Change in Due from Member, net (Note 5)	—	(75,280)	—	(75,280)
Balance, January 2, 2022	35,465	(200,648)	196,726	31,543
Net income	—	—	63,136	63,136
Change in Due from Member, net (Note 5)	—	(63,393)	—	(63,393)
Balance, January 1, 2023	$ 35,465	$ (264,041)	$ 259,862	$ 31,286

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statements of Cash Flows

(In thousands)

	Fiscal Year Ended	
	January 1, 2023	**January 2, 2022**
Operating activities		
Net income	$ 63,136	$ 59,644
Adjustments to reconcile net income to cash flows provided by operating activities:		
Changes in operating assets and liabilities		
Due from Member, net	(63,393)	(58,880)
Receivables	718	1,623
Deferred revenue	(297)	(1,028)
Other accrued expenses	336	39
Other	(386)	(295)
Cash flows provided by operating activities	114	1,103
Investing activities		
Additions to long-term receivables	(1,069)	—
Cash flows used in investing activities	(1,069)	—
Financing activities		
Funding to affiliate	—	(16,400)
Cash flows used in financing activities	—	(16,400)
Net change in cash and restricted cash	(955)	(15,297)
Cash and restricted cash at beginning of year	21,214	36,511
Cash and restricted cash at end of year	$ 20,259	$ 21,214
Supplemental Disclosure of non-cash financing activity:		
Transfer from Due from Member to Member's Equity	$ 63,393	$ 58,880
Related-party note settlement via dividend distribution	$ —	$ 20,650

See accompanying notes to the financial statements.

1. Formation and Business

Organization

IHOP Franchisor LLC (the Company) is a single-member limited liability company formed in Delaware on July 28, 2014 and is governed by the limited liability company agreement dated July 28, 2014. The Company is a wholly-owned subsidiary of IHOP Funding LLC (the Member), which, through various entities, is a wholly-owned subsidiary of International House of Pancakes, LLC (IHOP LLC), which is a wholly-owned subsidiary of Dine Brands Global, Inc. (Dine).

On June 5, 2019, the Member and a sister entity (the Co-Issuers), each a special purpose, wholly-owned indirect subsidiary of Dine, issued $1.3 billion of fixed rate senior secured notes. The Co-Issuers also replaced their existing revolving financing facility with a new revolving financing facility. The fixed rate senior secured notes and the revolving credit facility are referred to collectively herein as the "Notes." The Notes were issued in a securitization transaction pursuant to which substantially all of Dine's domestic revenue-generating assets and domestic intellectual property are held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of Dine (the "Guarantors") that act as guarantors of the Notes and that have pledged substantially all of their assets to secure the Notes.

Nature of Operations

The Company was formed as a special purpose entity to act as franchisor and to hold all rights, title and interest in new franchise agreements for International House of Pancakes® (IHOP) restaurants in the United States effective after September 30, 2014 (the Agreements) and all accrued and future rights to collection under the Agreements. In its capacity as the franchisor, the Company enters into all additional development and franchise agreements for IHOP® restaurants within the United States (including all substitute or replacement franchise agreements for existing IHOP restaurants).

As of January 1, 2023, there were 968 IHOP restaurants subject to franchise agreements held by the Company located in 47 states.

Fiscal Period

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. The 2022 year presented herein began on January 3, 2022 and ended on January 1 2023. The 2021 year presented herein began on January 4, 2021 and ended January 2, 2022. Both 2022 and 2021 fiscal years contained 52 weeks.

Profits and Losses and Distributions

All profits and losses and distributions will be allocated entirely to the Member.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of allowance for doubtful accounts and notes receivable and contingencies. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Risks and Uncertainties

Beginning in March 2020, federal, state, local and international governments reacted to the COVID-19 pandemic by encouraging or requiring social distancing, instituting shelter-in-place orders, and requiring, in varying degrees, reduced operating hours, restaurant dine-in and/or indoor dining limitations, capacity limitations or other restrictions that largely limited restaurants to off-premise sales (take-out and delivery). As infection rates from the initial outbreak declined, domestic governmental entities slowly began to relax restrictions, and the degree of relaxation varied by individual geographic area. Restaurants allowed to re-open were largely limited to occupancy of 50% or less of capacity during the period from May 2020 to March 2021. As vaccines became widely available and incidents of infection continued to decrease, many restrictions were removed during 2021. This information is helpful in reviewing results of operations from, and comparisons to, these time periods. We and our franchisees continue to monitor developing health authority recommendations and regulatory requirements.

The Company cannot predict how long the pandemic will last, whether/when recurrences of the virus and its variants may arise, what restrictions on in-restaurant dining may be enacted or re-enacted, the availability and acceptance of vaccines, the timing and extent of customer re-engagement with the Company’s brand and in general, what the short- and long-term impact on consumer discretionary spending the COVID-19 pandemic might have on the Company and the restaurant industry as a whole, all of which are uncertain and cannot be predicted. As such, the extent to which the COVID-19 pandemic may continue to materially impact the Company's financial condition, liquidity, or results of operations remains highly uncertain.

Revenue Recognition

Franchise revenues consist primarily of royalty revenues, advertising fees and franchise fees. Franchise revenue is recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

2. Summary of Significant Accounting Policies, continued

The Company owns and franchises the IHOP restaurant concept. The franchise arrangement is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the month of reported sales by the franchisee, neither of which requires estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Financing revenue is recorded as earned.

2. Summary of Significant Accounting Policies, continued

Advertising

Costs of advertising typically are expensed either as incurred or the first time the advertising takes place. Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized on an annual basis. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. The advertising fees are recorded as a liability to International House of Pancakes, LLC as a component of Due to Affiliates against which specific costs are charged.

Concentrations of Credit Risk

The Company's cash and receivables are potentially subject to concentration of credit risk. Cash is placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash. At times, cash balances may be in excess of FDIC insurance limits.

Accounts receivables are derived from revenues earned from franchisees located in the United States. Financing receivables arise from the financing of restaurant equipment by franchisees. The Company is not subject to a significant concentration of credit risk with respect to accounts receivable.

As of January 1, 2023, two franchisees owned a total of 127 IHOP restaurants, representing 13% of the Company’s restaurants. Revenues from these franchisees represented 14% of the Company’s total revenues for the year ended January 1, 2023. No individual franchisee represented more than 10% of the Company’s total revenue for the year ended January 1, 2023.

Allowance for Credit Losses

The Company determines the allowance based on historical experience, current payment patterns and reasonable and supportable forecasts used in assessing the franchisees’ ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. Allowance for doubtful accounts is continually reviewed. Past due balances are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Income Taxes

The Company, a disregarded entity for both federal and state tax filing purposes, elected to simplify the accounting for income taxes under Accounting Standards Update No. 2019—12, *Income Taxes*, which does not require tax allocation. Accordingly, its results are included in the consolidated tax returns of Dine.

Restricted Cash

Long-term restricted cash of $16.4 million at January 1, 2023 and January 2, 2022 represents interest reserves set aside for the duration of the Notes.

2. Summary of Significant Accounting Policies, continued

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred and are included as a component of franchise expenses in the Statement of Income.

Accounting Standards

The Company reviewed new accounting guidance that became effective as of the beginning of fiscal 2022 as well as other newly issued accounting pronouncements and concluded that they were either not applicable to its operations or had no material effect on its financial statements in the current or future fiscal years.

3. Revenue Disclosures

The following table disaggregates franchise revenue by major type for the years ended January 1, 2023 and January 2, 2022 (in thousands):

	Fiscal Year Ended	
	January 1, 2023	**January 2, 2022**
Franchise revenue:		
Royalties	$ 77,177	$ 66,133
Advertising fees	60,515	51,660
Franchise, development and other fees	3,270	4,670
Total franchise revenue	$ 140,962	$ 122,463

The components of the change in the Company's deferred revenue during the year ended January 1, 2023 are as follows:

	Deferred Franchise Revenue (short- and long-term)
	(In thousands)
Balance at January 2, 2022	$ 23,657
Recognized as revenue during the fiscal year	(3,176)
Fees deferred during the fiscal year	2,879
Balance at January 1, 2023	$ 23,360

3. Revenue Disclosures, continued

The balance of deferred revenue as of January 1, 2023 is expected to be recognized as follows:

	(In thousands)
2023	$ 2,984
2024	2,662
2025	2,376
2026	2,055
2027	1,655
Thereafter	11,628
Total deferred franchise revenue	$ 23,360

4. Receivables

Receivables at January 1, 2023 and January 2, 2022 were as follows (in thousands):

	2022	**2021**
Accounts receivable	$ 13,771	$ 13,246
Equipment leases receivable	11,746	12,626
Notes receivable	1,759	1,056
Total receivables	27,276	26,928
Less: allowance for doubtful accounts	(138)	(141)
	27,138	26,787
Less: current portion	(16,964)	(16,557)
Long-term receivables	$ 10,174	$ 10,230

Accounts receivable primarily includes royalty receivables due from franchisees. Financing receivables primarily relate to leasing of the restaurant equipment to franchisees. Equipment lease contracts are due in equal weekly installments, and bear a weighted-average interest rate of 9.6% per annum at January 1, 2023 and are collateralized by the equipment. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease.

The primary indicator of the credit quality of financing receivables is delinquency. As of January 1, 2023, there were no financing receivables delinquent more than 90 days.

4. Receivables, continued

Changes in the allowance for credit losses during the fiscal years ended January 1, 2023 and January 2, 2022 were as follows:

	Accounts Receivable	Notes Receivable, short-term	Notes Receivable, long-term	Equipment Leases Receivable	Total
			(in thousands)		
Balance, January 3, 2021	$ 3,009	$ 6	$ 3	$ 1,432	$ 4,450
Bad debt (credit) expense	(2,521)	(6)	(1)	151	(2,377)
Write-offs	(415)	—	—	(1,527)	(1,942)
Other	—	—	—	10	10
Balance, January 2, 2022	73	—	2	66	141
Bad debt (credit) expense	(14)	—	1	11	(2)
Write-offs	(1)	—	—	—	(1)
Balance, January 1, 2023	$ 58	$ —	$ 3	$ 77	$ 138

5. Related Party Transactions

All cash receipts from the Company's operating revenue are collected and administered by the Member, resulting in a balance due from Member. All cash disbursements related to the Company's operating expenses are paid by affiliated entities (the Affiliates), resulting in a balance due to Affiliates. The Company, the Member and the Affiliates are under the common control of Dine. The Company and Dine determined that the balance due to Affiliates and the balance due from Member (collectively, the Related Party balances) will not be settled until the securitization structure described in Note 1 is dissolved. Since the Related Party balances will not be settled until the dissolution of the Company and the Company, the Member and the Affiliates are all under the common control of Dine, the net amount of the Related Party balances is classified within equity as Due from Member, net. Changes in Related Party balances are considered to be non-cash financing activity.

IHOP LLC allocates costs of general and administrative services to the Company, including information technology, human resources, quality assurance, training, legal, payroll, audit, tax, and communication. These costs are allocated on a basis the Company believes to be reasonable, primarily proportional allocation based on revenue, or specific identification, where applicable. The Company cannot estimate with any reasonable certainty what the charges for similar transactions would have been on a stand-alone basis. The total amounts of allocated costs charged to the Company of $17.7 million and $15.4 million for the fiscal years ended January 1, 2023 and January 2, 2022, respectively, is included in general and administrative expenses in the Statements of Income.

5. Related Party Transactions, continued

In May 2016, Dine borrowed $20.0 million from the Company at an interest rate of 6.5% per annum. The note was due in September 2021 with interest payable semiannually beginning in March 2017. This note was settled via dividend distribution of $20.7 million in September 2021, representing repayment of principal and the final interest payment.

In November 2019, Dine borrowed an additional $7.0 million from the Company at an interest rate of 6.5% per annum. This note was due in the second quarter of 2022 with interest payable semiannually beginning in December 2019. In June 2022, the note was amended and extended to June 2025. Total interest income of $0.5 million and $1.4 million related to these notes is included in other income, net in the Statements of Income for the fiscal years ended January 1, 2023 and January 2, 2022, respectively.

6. Lease Disclosures

The Company engages in leasing activity as a lessor. The Company's lease portfolio originated when Dine was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included Dine's purchase or leasing of the site on which the restaurant was located, equipping the restaurant and subsequently leasing/subleasing the site and equipment to the franchisee. With a few exceptions, Dine ended this practice in 2003. The Company's lease activity is comprised of pre-existing lease arrangements renewed after September 30, 2014.

The Company recognized interest income on equipment leases of $1.2 million and $1.4 million during the fiscal years ended January 1, 2023 and January 2, 2022, respectively.

Future minimum payments to be received under equipment leases as of January 1, 2023 were as follows:

	(In thousands)
2023	$ 4,125
2024	3,433
2025	2,870
2026	1,326
2027	522
Thereafter	15,640
Total	27,916
Less: interest	(16,170)
Total net investment in leases	11,746
Less: current portion	(2,858)
Total long-term investment in leases	$ 8,888

7. Commitments and Contingencies

The Company is subject to lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience related to pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

8. Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through March 23, 2023, the date the financial statements were available to be issued.

FINANCIAL STATEMENTS

IHOP Franchisor LLC

Fiscal Year Ended January 3, 2021

With Report of Independent Auditors

IHOP Franchisor LLC

Financial Statements

Fiscal Year Ended January 3, 2021

Contents

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Report of Independent Auditors

Member of IHOP Franchisor LLC

We have audited the accompanying financial statements of IHOP Franchisor LLC, which comprise the balance sheet as of January 3, 2021, and the related statements of income, member's equity and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IHOP Franchisor LLC at January 3, 2021, and the results of its operation and its cash flows for the fiscal year then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

March 17, 2021

IHOP Franchisor LLC

Balance Sheet
(In thousands)

	January 3, 2021
Assets	
Current assets:	
Cash	$ 3,711
Receivables, net of allowance of $3,016	17,935
Total current assets	21,646
Long-term restricted cash	32,800
Long-term receivables, net of allowance of $1,434	11,125
Related party note receivable	27,000
Total assets	$ 92,571
Liabilities and member's equity	
Current liabilities:	
Deferred revenue	$ 2,819
Other accrued expenses	57
Total current liabilities	2,876
Long-term deferred revenue	21,866
Total liabilities	24,742
Commitments and contingencies	
Member's equity:	
Contributed capital	35,465
Due from Member (net of Due to Affiliates of $261,222)	(125,368)
Retained earnings	157,732
Total member's equity	67,829
Total liabilities and member's equity	$ 92,571

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Income
(In thousands)

	Fiscal Year Ended January 3, 2021
Revenues	
Franchise revenues	$ 77,610
Financing revenues	1,584
Total revenues	79,194
Costs and Expenses	
Franchise expenses:	
Advertising expenses	32,477
Bad debt expense	4,741
Other franchise expenses	570
Total franchise expenses	37,788
Financing expenses	43
General and administrative expenses	11,364
Other income, net	(1,846)
Total costs and expenses	47,349
Net income	$ 31,845

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Member's Equity
(In thousands)

Fiscal Year Ended January 3, 2021

	Contributed Capital	Due from Member, net	Retained Earnings	Total
Balance, December 29, 2019	$ 35,465	$ (78,898)	$ 91,445	$ 48,012
Adoption of income tax simplification accounting guidance (Note 2)	—	(36,678)	34,501	(2,177)
Adoption of credit loss accounting guidance (Note 2)	—	—	(59)	(59)
Net income	—	—	31,845	31,845
Change in Due from Member, net (Note 5)	—	(9,792)	—	(9,792)
Balance, January 3, 2021	$ 35,465	$ (125,368)	$ 157,732	$ 67,829

See accompanying notes to the financial statements.

IHOP Franchisor LLC

Statement of Cash Flows
(In thousands)

	Fiscal Year Ended January 3, 2021
Operating activities	
Net income	$ 31,845
Adjustments to reconcile net income to cash flows provided by operating activities:	
Changes in operating assets and liabilities	
Due from Member, net	(26,892)
Receivables	(4,559)
Deferred revenue	1,488
Other accrued expenses	(179)
Cash flows provided by operating activities	1,703
Financing activities	
Funding from affiliate	17,100
Cash flows provided by financing activities	17,100
Net change in cash and restricted cash	18,803
Cash and restricted cash at beginning of year	17,708
Cash and restricted cash at end of year	$ 36,511
Supplemental Disclosure of non-cash financing activity:	
Transfer from Due from Member to Member's Equity	$ 26,892

See accompanying notes to the financial statements.

1. Formation and Business

Organization

IHOP Franchisor LLC (the Company) is a single-member limited liability company formed in Delaware on July 28, 2014 and is governed by the limited liability company agreement dated July 28, 2014. The Company is a wholly-owned subsidiary of IHOP Funding LLC (the Member), which, through various entities, is a wholly-owned subsidiary of International House of Pancakes, LLC (IHOP LLC), which is a wholly-owned subsidiary of Dine Brands Global, Inc. (Dine).

On June 5, 2019, the Member and a sister entity (the Co-Issuers), each a special purpose, wholly-owned indirect subsidiary of Dine, issued $1.3 billion of fixed rate senior secured notes. The Co-Issuers also replaced their existing revolving financing facility with a new revolving financing facility. The fixed rate senior secured notes and the revolving credit facility are referred to collectively herein as the “Notes.” The Notes were issued in a securitization transaction pursuant to which substantially all of Dine’s domestic revenue-generating assets and domestic intellectual property are held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of Dine (the “Guarantors”) that act as guarantors of the Notes and that have pledged substantially all of their assets to secure the Notes.

Nature of Operations

The Company was formed as a special purpose entity to act as franchisor and to hold all rights, title and interest in new franchise agreements for International House of Pancakes® (IHOP) restaurants in the United States effective after September 30, 2014 (the Agreements) and all accrued and future rights to collection under the Agreements. In its capacity as the franchisor, the Company enters into all additional development and franchise agreements for IHOP® restaurants within the United States (including all substitute or replacement franchise agreements for existing IHOP restaurants).

As of January 3, 2021, there were 806 IHOP restaurants subject to franchise agreements held by the Company located in 47 states.

Fiscal Period

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. The 2020 year presented herein began on December 30, 2019 and ended January 3, 2021. The 2020 fiscal year contained 53 weeks.

Profits and Losses and Distributions

All profits and losses and distributions will be allocated entirely to the Member.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of allowance for doubtful accounts and notes receivable and contingencies. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

Risks and Uncertainties

The Company was subject to risks and uncertainties as a result of the outbreak of a novel strain of coronavirus, designated “COVID-19” and declared to be a pandemic in March 2020. The Company first began to experience impacts from COVID-19 in March 2020, as federal, state and local governments reacted to the COVID-19 pandemic by encouraging or requiring social distancing, instituting shelter-in-place orders, and requiring, in varying degrees, reduced operating hours, restaurant dine-in and/or indoor dining limitations, capacity limitations or other restrictions that largely limited restaurants to off-premise sales (take-out and delivery) in the early stages of the pandemic. Over the course of 2020, certain of these restrictions were relaxed as incidents of infection from the initial outbreak declined, but many of the restrictions were reinstituted as incidents of infection surged. The degree and duration of restriction varied by individual geographic area. The extent of the continuing impact of the COVID-19 pandemic on the Company's business remains highly uncertain and difficult to predict, as the operating status of our restaurants remains fluid and subject to change as government authorities modify existing restrictions or implement new restrictions on restaurant operations in response to changes in the number of COVID-19 infections and the availability and acceptance of vaccines in their respective jurisdictions. Additionally, economies worldwide have been negatively impacted by the COVID-19 pandemic, which possibly could cause a domestic and/or global economic recession.

The Company has taken several actions to mitigate the effects of the COVID-19 pandemic on its operations and its franchisees, as follows (i) deferred franchisee payment of royalty, advertising and other fees, and lease obligations for up to two months on a case-by-case basis; (ii) deferred franchisee development obligations for up to 15 months; and (iii) deferred franchisee remodel obligation until the end of 2022. In addition, Dine, on behalf of various subsidiaries (including the Co-Issuers) engaged in restaurant franchising activities, as follows: (i) engaged a national real estate firm to assist franchisees with landlord discussions regarding rent deferrals, abatements and other modifications to lease agreements; (ii) negotiated deferrals and abatements for properties on which the Company was lessee and (iii) hired external consultants to work with franchisees in assessing their financial health and to better understand performance variability.

2. Summary of Significant Accounting Policies, continued

The severity of the continued impact of the COVID-19 pandemic on the Company's business will depend on a number of factors, including, but not limited to, how long the pandemic will last, whether/when recurrences of the virus may arise, what restrictions on in-restaurant dining may be enacted or re-enacted, the availability and acceptance of vaccines, the timing and extent of customer re-engagement with the Company's brands and, in general, what the short- and long-term impact on consumer discretionary spending the COVID-19 pandemic might have on the Company and the restaurant industry as a whole, all of which are uncertain and cannot be predicted. The Company's future results of operations and liquidity could be impacted adversely by the length of time dine-in restrictions are in place and the success of any initiatives or programs that the Company may undertake to address financial and operational challenges faced by itself and its franchisees. As such, the extent to which the COVID-19 pandemic may continue to materially impact the Company's financial condition, liquidity, or results of operations remains highly uncertain.

Revenue Recognition

The Company's revenues are recorded in franchise revenues. Franchise revenues consist primarily of royalty revenues, advertising fees and franchise fees. Franchise revenue is recognized in accordance with Accounting Standards Codification 606 - Revenue from Contracts with Customers (“ASC 606”). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods.

The Company owns and franchises the IHOP restaurant concept. The franchise arrangement is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company’s past or ongoing activities. The nature of the Company’s promise in granting the franchise license is to provide the franchisee with access to the brand’s symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement primarily consists of (a) initial franchise/development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

2. Summary of Significant Accounting Policies, continued

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenue ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenue are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises significant judgment with respect to collectability of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term or the month of reported sales by the franchisee, neither of which requires estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Advertising

Costs of advertising typically are expensed either as incurred or the first time the advertising takes place. Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized on an annual basis. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. The advertising fees are recorded as a liability to International House of Pancakes, LLC as a component of Due to Affiliates against which specific costs are charged.

Financing revenue is recorded as earned.

Concentrations of Credit Risk

The Company's cash and receivables are potentially subject to concentration of credit risk. Cash is placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash. At times, cash balances may be in excess of FDIC insurance limits.

Accounts receivables are derived from revenues earned from franchisees located in the United States. Financing receivables arise from the financing of restaurant equipment by franchisees. The Company is not subject to a significant concentration of credit risk with respect to accounts receivable.

2. Summary of Significant Accounting Policies, continued

As of January 3, 2021, one franchisee owned a total of 65 IHOP restaurants, representing 8.1% of the Company's restaurants. Revenues from this franchisee represented 9.2% of the Company's total revenues for the year ended January 3, 2021. No individual franchisee represented more than 10% of the Company's total revenue for the year ended January 3, 2021.

Allowance for Credit Losses

The Company determines the allowance based on historical experience, current payment patterns and reasonable and supportable forecasts used in assessing the franchisees' ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. Allowance for doubtful accounts is continually reviewed. Past due balances are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote.

Income Taxes

In December 2019, the Financial Accounting Standards Board ("FASB") issued new guidance intended to simplify the accounting for income taxes, change the accounting for certain income tax transactions, and make other minor changes. The Company has elected to adopt the standard early through a retrospective approach. As the Company is a legal entity not subject to tax, the new guidance no longer requires the allocation of the consolidated amount of current and deferred tax expense of Dine. Accordingly, the cumulative income tax impacts historically recorded in the Company's financials have been reversed. The Company removed $2.2 million deferred tax and recorded an increase of $36.7 million in Due from Member, net and an adjustment of $34.5 million to retained earnings as reflected in the Statement of Member's Equity.

Restricted Cash

Dine voluntarily increased the interest reserve for securitized debt held by the Co-Issuers from $15.7 million to $32.8 million. This reserve is included as long-term-restricted cash on the Company's balance sheet at January 3, 2021

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred and are included as a component of franchise expenses in the Statement of Income.

2. Summary of Significant Accounting Policies, continued

Accounting Standards Adopted Effective December 30, 2019

In February 2016, the Financial Accounting Standards Board ("FASB") issued new guidance on the measurement of current expected credit losses ("CECL") on financial instruments. The new guidance has replaced the incurred loss methodology of recognizing credit losses on financial instruments with a methodology that estimates the expected credit loss on financial instruments and reflects the net amount expected to be collected on the financial instrument. The Company adopted this change in accounting principle as of the first day of the first fiscal quarter of 2020 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted.

Upon adoption of the new CECL guidance, the Company recognized an increase to its allowance for credit losses of $59 thousand. The Company recognized an adjustment to retained earnings upon adoption of $59 thousand.

Additional new accounting guidance became effective for the Company as of the beginning of fiscal 2020 that the Company reviewed and concluded was either not applicable to its operations or had no material effect on its financial statements in the current or future fiscal years.

The Company reviewed all other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements when adoption is required in the future.

3. Revenue Disclosures

The following table disaggregates franchise revenue by major type for the year ended January 3, 2021:

	(In thousands)
Franchise revenue:	
Royalties	$ 41,310
Advertising fees	32,477
Franchise, development and other fees	3,823
Total franchise revenue	$ 77,610

3. Revenue Disclosures, continued

The components of the change in the Company's deferred revenue during the year ended January 3, 2021 are as follows:

	Deferred Franchise Revenue (short- and long-term)
	(In thousands)
Balance at December 29, 2019	$ 23,197
Recognized as revenue during the fiscal year	(3,516)
Fees deferred during the fiscal year	5,004
Balance at January 3, 2021	$ 24,685

The balance of deferred revenue as of January 3, 2021 is expected to be recognized as follows:

	(In thousands)
2021	$ 2,819
2022	2,756
2023	2,594
2024	2,380
2025	2,107
Thereafter	12,029
Total deferred franchise revenue...	$ 24,685

4. Receivables

Receivables balance at January 3, 2021 were as follows:

	(In thousands)
Accounts receivable	$ 18,014
Equipment leases receivable	14,750
Notes receivable	746
Total receivables	33,510
Less: allowance for doubtful accounts	(4,450)
	29,060
Less: current portion	(17,935)
Long-term receivables	$ 11,125

Accounts receivable primarily includes royalty receivables due from franchisees. Financing receivables primarily relate to leasing of the restaurant equipment to franchisees. Equipment lease contracts are due in equal weekly installments, primarily bear interest averaging 9.5% per annum at January 3, 2021 and are collateralized by the equipment. The term of an equipment lease contract coincides with the term of the corresponding restaurant building lease.

The primary indicator of the credit quality of financing receivables is delinquency. As of January 3, 2021, there were no financing receivables delinquent more than 90 days.

Changes in the allowance for credit losses during the fiscal year ended January 3, 2021 were as follows:

	Accounts Receivable	**Notes Receivable, short-term**	**Notes Receivable, long-term**	**Equipment Leases Receivable**	**Total**
		(in thousands)			
Balance, December 29, 2019	$ 63	$ —	$ —	$ —	$ 63
Increase due to CECL adoption	33	—	—	26	59
Bad debt expense for the fiscal year	2,913	6	3	1,819	4,741
Write-offs	—	—	—	(413)	(413)
Balance, January 3, 2021	$ 3,009	$ 6	$ 3	$ 1,432	$4,450

5. Related Party Transactions

All cash receipts from the Company's operating revenue are collected and administered by the Member, resulting in a balance due from Member. All cash disbursements related to the Company's operating expenses are paid by affiliated entities (the Affiliates), resulting in a balance due to Affiliates. The Company, the Member and the Affiliates are under the common control of Dine. The Company and Dine determined that the balance due to Affiliates and the balance due from Member (collectively, the Related Party balances) will not be settled until the securitization structure described in Note 1 is dissolved. Since the Related Party balances will not be settled until the dissolution of the Company and the Company, the Member and the Affiliates are all under the common control of Dine, the net amount of the Related Party balances is classified within equity as Due from Member, net. Changes in Related Party balances are considered to be non-cash financing activity.

IHOP LLC allocates costs of general and administrative services to the Company, including information technology, human resources, quality assurance, training, legal, payroll, audit, tax, and communication. These costs are allocated on a basis the Company believes to be reasonable, primarily proportional allocation based on revenue, or specific identification, where applicable. The Company cannot estimate with any reasonable certainty what the charges for similar transactions would have been on a stand-alone basis. The total amount of allocated costs charged to the Company of $11.3 million for the fiscal year ended January 3, 2021 is included in general and administrative expenses in the Statement of Income.

In May 2016, Dine borrowed $20.0 million from the Company at an interest rate of 6.5% per annum. The note is due in September 2021 with interest payable semiannually beginning in March 2017. In November 2019, Dine borrowed an additional $7.0 million from the Company at an interest rate of 6.5% per annum. This note will be due in the second quarter of 2022 with interest payable semiannually beginning in December 2019. A total interest income of $1.8 million related to these notes is included in other income, net in the Statement of Income for the fiscal year ended January 3, 2021.

6. Lease Disclosures

The Company engages in leasing activity as a lessor. The Company's lease portfolio originated when Dine was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included Dine's purchase or leasing of the site on which the restaurant was located, equipping the restaurant and subsequently leasing/subleasing the site and equipment to the franchisee. With a few exceptions, Dine ended this practice in 2003. The Company's lease activity is comprised of pre-existing lease arrangements renewed after September 30, 2014.

The Company recognized interest income on equipment leases of $1.6 million during the fiscal year ended January 3, 2021.

6. Lease Disclosures, continued

Future minimum payments to be received under equipment leases as of January 3, 2021 were as follows:

	(In thousands)
2021	$ 3,615
2022	3,355
2023	2,947
2024	2,459
2025	1,676
Thereafter	14,985
Total	29,037
Less: interest	(14,287)
Total net investment in leases	14,750
Less: current portion	(2,428)
Total long-term investment in leases................................	$ 12,322

7. Commitments and Contingencies

The Company is subject to lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience related to pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

8. Subsequent Events

The Company has evaluated subsequent events for potential recognition or disclosure through March 17, 2021, the date the financial statements were available to be issued.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Dine Brands Global, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Dine Brands Global, Inc. and Subsidiaries (the Company) as of January 1, 2023 and January 2, 2022, the related consolidated statements of comprehensive income (loss), stockholders' deficit and cash flows for each of the three years in the period ended January 1, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 1, 2023 and January 2, 2022, and the results of its operations and its cash flows for each of the three years in the period ended January 1, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 1, 2023, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 1, 2023 expressed an unqualified opinion thereon.

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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. 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 Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Acquisition of Fuzzy's Taco Shop

Description of the Matter

During 2022, the Company completed its acquisition of FTO Holding Company, LLC for total consideration of $80 million, as disclosed in Notes 1, 7 and 19 to the consolidated financial statements. The transaction was accounted for as a business combination, which requires that the assets acquired and liabilities assumed be recognized at their acquisition date fair values.

Auditing the Company's accounting for its acquisition of FTO Holding Company, LLC was complex due to the significant estimation required in management's determination of the fair value of the tradename intangible asset of $57.2 million. The estimate was based on a complex discounted cash flow valuation model and was sensitive to changes in the significant underlying assumptions. The significant assumptions used included discount rates and future revenue growth rates, which are forward looking and could be affected by future economic and market conditions.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the Company's controls over its accounting for business combinations. For example, we tested controls over the review of the valuation model and significant assumptions used to estimate the fair value of tradename intangible asset.

Our procedures to test the estimated fair value of the tradename intangible asset included, among others, evaluating the Company's selection of the valuation methodology, testing the significant assumptions used in the model, and evaluating the completeness and accuracy of the underlying data. For example, we compared the significant assumptions to market trends, to the historical results of the acquired entity, and to the Company's historical results. Further, we involved our valuation specialists to assist in the evaluation of the methodology and certain significant assumptions used in the valuation model, and to perform an independent estimate of the fair value.

/s/ ERNST & YOUNG LLP

We have served as the Company's auditor since 2004.

Los Angeles, California
March 1, 2023

Dine Brands Global, Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share amounts)

	December 31,	
Assets	**2022**	**2021**
Current assets:		
Cash and cash equivalents	$ 269,655	$ 361,412
Receivables, net of allowance of $4,806 (2022) and $4,959 (2021)	119,981	119,968
Restricted cash	38,929	47,541
Prepaid gift card costs	30,235	28,175
Prepaid income taxes	3,063	10,529
Other current assets	17,901	6,728
Total current assets	479,764	574,353
Other intangible assets, net	597,028	539,390
Operating lease right-of-use assets	289,123	335,428
Goodwill	253,956	251,628
Property and equipment, net	145,277	179,411
Deferred rent receivable	42,329	50,257
Long-term receivables, net of allowance of $5,529 (2022) and $6,897 (2021)	39,697	42,493
Non-current restricted cash	16,400	16,400
Other non-current assets, net	17,917	10,006
Total assets	$ 1,881,491	$ 1,999,366
Liabilities and Stockholders' Deficit		
Current liabilities:		
Current maturities of long-term debt	$ 100,000	$ —
Accounts payable	52,067	55,956
Gift card liability	171,966	165,530
Current maturities of operating lease obligations	59,071	72,079
Current maturities of finance lease and financing obligations	7,542	10,693
Accrued employee compensation and benefits	23,456	40,785
Accrued advertising expenses	24,157	33,752
Dividends payable	8,017	6,919
Other accrued expenses	24,446	25,016
Total current liabilities	470,722	410,730
Long-term debt, net, less current maturities	1,241,914	1,279,623
Operating lease obligations, less current maturities	275,120	320,848
Finance lease obligations, less current maturities	30,377	59,625
Financing obligations, less current maturities	28,358	31,967
Deferred income taxes, net	74,651	76,228
Deferred franchise revenue, long-term	42,343	46,100
Other non-current liabilities	19,090	17,052
Total liabilities	2,182,575	2,242,173
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, $1 par value, 10,000,000 shares authorized, no shares issued and outstanding	—	—
Common stock, $0.01 par value; shares: 40,000,000 authorized; 2022 -24,959,972 issued, 15,599,239 outstanding; 2021 - 24,992,275 issued, 17,163,946 outstanding	250	250
Additional paid-in-capital	259,339	256,189
Retained earnings	84,538	35,415
Accumulated other comprehensive loss	(65)	(59)
Treasury stock, at cost; shares: 2022 - 9,360,733; 2021 - 7,828,329	(645,146)	(534,602)
Total stockholders' deficit	(301,084)	(242,807)
Total liabilities and stockholders' deficit	$ 1,881,491	$ 1,999,366

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(In thousands, except per share amounts)

	Year Ended December 31, 2022	2021	2020
Revenues:			
Franchise revenues:			
Royalties, franchise fees and other	$ 373,110	$ 357,146	$ 267,959
Advertising revenues	289,328	274,790	201,494
Total franchise revenues	662,438	631,936	469,453
Company restaurant sales	126,869	146,000	108,054
Rental revenues	116,491	113,933	105,939
Financing revenues	3,604	4,298	5,822
Total revenues	909,402	896,167	689,268
Cost of revenues:			
Franchise expenses:			
Advertising expenses	287,063	272,303	202,012
Bad debt expense (credit)	261	(4,928)	12,756
Other franchise expenses	34,584	28,512	24,204
Total franchise expenses	321,908	295,887	238,972
Company restaurant expenses	121,722	136,748	111,550
Rental expenses:			
Interest expense from finance leases	2,962	3,446	4,563
Other rental expenses	85,033	84,397	84,939
Total rental expenses	87,995	87,843	89,502
Financing expenses	419	464	528
Total cost of revenues	532,044	520,942	440,552
Gross profit	377,358	375,225	248,716
General and administrative expenses	190,746	171,838	144,791
Interest expense, net	60,742	63,331	66,895
Closure and impairment charges	3,062	5,409	132,620
Amortization of intangible assets	10,559	10,679	10,903
(Gain) loss on disposition of assets	(2,536)	2,045	2,069
Income (loss) before income taxes	114,785	121,923	(108,562)
Income tax (provision) benefit	(33,674)	(24,059)	4,568
Net income (loss)	81,111	97,864	(103,994)
Other comprehensive (loss) income, net of tax:			
Foreign currency translation adjustment	(6)	(4)	3
Total comprehensive income (loss)	$ 81,105	$ 97,860	$ (103,991)
Net income (loss) available to common stockholders:			
Net income (loss)	$ 81,111	$ 97,864	$ (103,994)
Less: Net income allocated to unvested participating restricted stock	(2,174)	(2,295)	(420)
Net income (loss) available to common stockholders	$ 78,937	$ 95,569	$ (104,414)
Net income (loss) available to common stockholders per share:			
Basic	$ 4.97	$ 5.69	$ (6.43)
Diluted	$ 4.96	$ 5.66	$ (6.43)
Weighted average shares outstanding:			
Basic	15,873	16,799	16,230
Diluted	15,901	16,890	16,230

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Stockholders' Deficit
(In thousands)

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares Outstanding	Amount				Shares	Cost	
Balance at December 31, 2019	16,522	$ 249	$ 246,192	$ 61,653	$ (58)	8,404	$ (549,810)	$ (241,774)
Adoption of credit loss accounting guidance	—	—	—	(497)	—	—	—	(497)
Net loss	—	—	—	(103,994)	—	—	—	(103,994)
Other comprehensive gain	—	—	—	—	3	—	—	3
Purchase of common stock	(460)	—	—	—	—	460	(26,527)	(26,527)
Reissuance of treasury stock	433	—	1,102	—	—	(433)	19,420	20,522
Net use of shares for stock plans	(8)	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(36)	—	(2,479)	—	—	—	—	(2,479)
Stock-based compensation	—	—	12,508	—	—	—	—	12,508
Dividends on common stock	—	—	507	(12,715)	—	—	—	(12,208)
Tax payments for share settlement of restricted stock units	—	—	(205)	—	—	—	—	(205)
Balance at December 31, 2020	16,452	249	257,625	(55,553)	(55)	8,430	(556,917)	(354,651)
Net income	—	—	—	97,864	—	—	—	97,864
Other comprehensive loss	—	—	—	—	(4)	—	—	(4)
Purchase of common stock	(59)	—	—	—	—	59	(4,480)	(4,480)
Reissuance of treasury stock	661	1	(1,459)	—	—	(661)	26,795	25,337
Net use of shares for stock plans	132	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(22)	—	(1,771)	—	—	—	—	(1,771)
Stock-based compensation	—	—	11,577	—	—	—	—	11,577
Dividends on common stock	—	—	—	(6,896)	—	—	—	(6,896)
Tax payments for share settlement of restricted stock units	—	—	(9,783)	—	—	—	—	(9,783)
Balance at December 31, 2021	17,164	250	256,189	35,415	(59)	7,828	(534,602)	(242,807)
Net income	—	—	—	81,111	—	—	—	81,111
Other comprehensive loss	—	—	—	—	(6)	—	—	(6)
Purchase of common stock	(1,738)	—	—	—	—	1,738	(120,163)	(120,163)
Reissuance of treasury stock	205	—	(9,378)	—	—	(205)	9,619	241
Net use of shares for stock plans	7	—	—	—	—	—	—	—
Repurchase of restricted shares for taxes	(39)	—	(2,867)	—	—	—	—	(2,867)
Stock-based compensation	—	—	16,131	—	—	—	—	16,131
Dividends on common stock	—	—	219	(31,988)	—	—	—	(31,769)
Tax payments for share settlement of restricted stock units	—	—	(955)	—	—	—	—	(955)
Balance at December 31, 2022	15,599	$ 250	$ 259,339	$ 84,538	$ (65)	9,361	$ (645,146)	$ (301,084)

See the accompanying notes to the consolidated financial statements.

Dine Brands Global, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2022	2021	2020
Cash flows from operating activities			
Net income (loss)	$ 81,111	$ 97,864	$ (103,994)
Adjustments to reconcile net income (loss) to cash flows provided by operating activities:			
Depreciation and amortization	37,952	39,885	42,829
Non-cash stock-based compensation expense	16,131	11,577	12,508
Non-cash closure and impairment charges	2,927	5,324	132,501
Non-cash interest expense	3,016	2,852	2,698
Deferred income taxes	(1,071)	(2,065)	(20,049)
Deferred revenue	(4,474)	(6,573)	(7,111)
(Gain) loss on disposition of assets	(2,536)	2,041	2,069
Other	(5,160)	(1,593)	(1,246)
Changes in operating assets and liabilities:			
Accounts receivable, net	(2,574)	7,301	(9,750)
Deferred rent receivable	7,928	6,192	13,859
Current income tax receivables and payables	8,326	(3,837)	16,143
Operating lease assets and liabilities	(11,823)	(18,212)	(15,179)
Gift card receivables and payables	2,783	14,759	12,231
Other current assets	(12,706)	(629)	(2,191)
Accounts payable	(3,665)	13,131	6,455
Accrued employee compensation and benefits	(16,264)	19,714	(1,909)
Accrued advertising expenses	(10,020)	12,111	12,881
Other current liabilities	(545)	(4,007)	3,758
Cash flows provided by operating activities	89,336	195,835	96,503
Cash flows from investing activities			
Principal receipts from notes, equipment contracts and other long-term receivables	17,057	20,230	31,155
Net additions to property and equipment	(35,318)	(16,849)	(10,927)
Proceeds from sale of property and equipment	17,028	946	537
Additions to long-term receivables	(1,069)	—	(1,475)
Acquisition of business, net of cash acquired	(78,264)	—	—
Other	(338)	(466)	(565)
Cash flows (used in) provided by investing activities	(80,904)	3,861	18,725
Cash flows from financing activities			
Repayment of long-term debt	(38,768)	(9,750)	(3,250)
Borrowings from revolving credit facility	100,000	—	220,000
Repayments of revolving credit facility	—	(220,000)	—
Payment of debt issuance costs	(6,289)	—	—
Dividends paid on common stock	(30,765)	—	(23,934)
Repurchase of common stock	(120,452)	(4,191)	(29,853)
Principal payments of finance lease obligations	(8,946)	(10,238)	(12,451)
Proceeds from stock options exercised	241	25,337	20,523
Repurchase of restricted stock for tax payments upon vesting	(2,867)	(1,771)	(2,480)
Tax payments for share settlement of restricted stock units	(955)	(9,783)	(205)
Cash flows (used in) provided by financing activities	(108,801)	(230,396)	168,350
Net change in cash, cash equivalents and restricted cash	(100,369)	(30,700)	283,578
Cash, cash equivalents and restricted cash at beginning of year	425,353	456,053	172,475
Cash, cash equivalents and restricted cash at end of year	$ 324,984	$ 425,353	$ 456,053
Supplemental disclosures			
Interest paid	$ 64,599	$ 65,229	$ 69,208
Income taxes paid	$ 28,085	$ 31,300	$ 11,873
Non-cash conversion of accounts receivable to notes receivable	$ 84	$ 4,258	$ 1,307

See the accompanying notes to the consolidated financial statements.

1. The Company

The first International House of Pancakes® ("IHOP") restaurant opened in 1958 in Toluca Lake, California. Shortly thereafter, the Company began developing and franchising additional restaurants. The Company was incorporated as IHOP Corp. under the laws of the State of Delaware in 1976. In November 2007, the Company acquired Applebee's International, Inc., which became a wholly-owned subsidiary of the Company. Effective June 2, 2008, the name of the Company was changed to DineEquity, Inc. and on February 20, 2018, the name of the Company was changed to Dine Brands Global, Inc.® ("Dine Brands Global"). In December 2022, the Company acquired FTO Holding Company, LLC ("Fuzzy's"), which owns the Fuzzy's Taco Shop® concept and became a wholly-owned subsidiary of the Company.

The Company owns, franchises and operates three restaurant concepts: Applebee's Neighborhood Grill + Bar® ("Applebee's"), in the American full-service restaurant segment within the casual dining category of the restaurant industry; IHOP®, in the family dining mid-scale full-service category of the restaurant industry; and Fuzzy's Taco Shop®, in the Mexican food segment within the fast-casual dining category of the restaurant industry.

As of December 31, 2022, there were 1,781 IHOP restaurants, of which 1,625 were subject to franchise agreements and 156 were subject to area license agreements. These IHOP restaurants were located in all 50 states of the United States, the District of Columbia, two United States territories and nine countries outside the United States. As of December 31, 2022, there were 1,678 Applebee's® restaurants, all of which were subject to franchise agreements. These Applebee's restaurants were located in 49 states of the United States, two United States territories and 11 countries outside the United States. As of December 31, 2022, the Company had 137 Fuzzy restaurants in 18 states of the United States, of which 134 were subject to franchise agreements and three were company-operated.

References herein to Applebee's, IHOP, and Fuzzy's restaurants are to these restaurant concepts, whether operated by franchisees, area licensees or the Company. Retail sales at restaurants that are owned by franchisees and area licensees are not attributable to the Company.

2. Basis of Presentation and Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Dine Brands Global, Inc. and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Fiscal Periods

The Company has a 52/53 week fiscal year that ends on the Sunday nearest to December 31 of each year. In a 52-week fiscal year, each fiscal quarter contains 13 weeks, comprised of two, four-week fiscal months followed by a five-week fiscal month. In a 53-week fiscal year, the last month of the fourth fiscal quarter contains six weeks. For convenience, the Company refers to its fiscal years as ending on December 31 and its fiscal quarters as ending on March 31, June 30 and September 30. The December 31, 2022 fiscal year ended January 1, 2023 and contained 52 weeks. The 2021 fiscal year ended January 2, 2022 contained 52 weeks. The 2020 fiscal year ended January 3, 2021 contained 53 weeks.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles ("U.S. GAAP") requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, if any, at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates are made in the calculation and assessment of the following: impairment of tangible and intangible assets and goodwill; income taxes; allowance for doubtful accounts and notes receivables; lease accounting estimates; contingencies; and stock-based compensation. On an ongoing basis, the Company evaluates its estimates based on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The Company adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from those estimates.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Risks and Uncertainties

The Company is subject to risks and uncertainties as a result of the outbreak of a novel strain of coronavirus, designated "COVID-19" and declared to be a pandemic in March 2020. The Company first began to experience impacts from COVID-19 in March 2020, as federal, state and local governments reacted to the public health crisis by encouraging and/or requiring social distancing, instituting shelter-in-place orders, and requiring, in varying degrees, restaurant dine-in limitations and other restrictions that largely limited the restaurants of the Company's franchisees and its company-operated restaurants to take-out and delivery sales during the initial stages of the pandemic. Subsequently, government-imposed dine-in restrictions have been relaxed, removed and reinstated as incidents of infection decrease or increase within the respective governmental jurisdictions. As of December 31, 2022, almost all of the restaurants were open and operating without government-mandated restriction.

We cannot predict how long the pandemic will last, whether/when recurrences of the virus and its variants may arise, what restrictions on in-restaurant dining may be enacted or re-enacted, the availability and acceptance of vaccines, the timing and extent of customer re-engagement with the Company's brands and, in general, what the short- and long-term impact on consumer discretionary spending the COVID-19 pandemic might have on the Company and the restaurant industry as a whole, all of which are uncertain and cannot be predicted. As such, the extent to which the COVID-19 pandemic may continue to materially impact the Company's financial condition, liquidity, or results of operations remains highly uncertain.

Concentration of Credit Risk

The Company's cash, cash equivalents, restricted cash and accounts receivable are potentially subject to concentration of credit risk. Cash and cash equivalents are placed with financial institutions that management believes are creditworthy. The Company does not believe that it is exposed to any significant credit risk on cash, cash equivalents and restricted cash. At times, cash, cash equivalents and restricted cash balances may be in excess of FDIC insurance limits.

Accounts receivable are derived from revenues earned from franchisees and area licensees located primarily in the United States. Financing receivables arise from the financing of restaurant equipment, real estate leases or franchise fees with the Company by IHOP franchisees. The Company is subject to a concentration of credit risk with respect to receivables from franchisees that own a large number of Applebee's or IHOP restaurants. As of December 31, 2022, two franchisees (one Applebee's franchisee and one franchisee with cross-brand ownership) operated a combined total of 825 Applebee's and IHOP restaurants in the United States, which comprised 25.4% of the total Applebee's and IHOP franchise and area license restaurants in the United States. Revenues from these two franchisees represented 18.8%, 18.0%, and 17.1% of total consolidated revenue for the years ended December 31, 2022, 2021 and 2020, respectively. One franchisee represented 12.5%, 11.8%, and 11.0% of total consolidated revenue for the years ended December 31, 2022, 2021 and 2020, respectively. Receivables from these franchisees totaled $20.9 million and $19.7 million at December 31, 2022 and 2021, respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investment securities with remaining maturities at the date of purchase of three months or less to be cash equivalents. These cash equivalents are stated at cost which approximates market value. Cash held related to IHOP advertising funds and the Company's gift card programs is not considered to be restricted cash as there are no restrictions on the use of these funds. The components of cash and cash equivalents were as follows:

	December 31,	
	2022	2021
	(In millions)	
Money market funds	$ 75.0	$ 30.0
IHOP advertising funds and gift card programs	96.7	101.5
Other depository accounts	98.0	229.9
Total cash and cash equivalents	$ 269.7	$ 361.4

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Restricted Cash

Current

Current restricted cash primarily consisted of funds required to be held in trust in connection with the Company's securitized debt and funds from Applebee's and Fuzzy's franchisees pursuant to franchise agreements, usage of which was restricted to advertising activities. The components of current restricted cash were as follows:

	December 31, 2022	December 31, 2021
	(In millions)	
Securitized debt reserves	$ 32.4	$ 29.9
Applebee's advertising funds	5.4	17.5
Other	1.1	0.1
Total current restricted cash	$ 38.9	$ 47.5

Non-current

Non-current restricted cash of $16.4 million and $16.4 million at December 31, 2022 and 2021, respectively, represents interest reserves set aside for the duration of the securitized debt. The required reserve is approximately one quarter's interest payment on the Company's securitized debt. The Company voluntarily increased the amount held in non-current cash to twice the required amount during the year ended December 31, 2020 and reduced the reserve back to the minimum amount during the year ended December 31, 2021.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Properties under finance leases are stated at the present value of the minimum lease payments. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or remaining useful lives. Leasehold improvements and properties under finance leases are amortized on a straight-line basis over their estimated useful lives or the lease term, if less. The general ranges of depreciable and amortizable lives are as follows:

Category	Depreciable Life
Buildings and improvements	25 to 40 years
Leaseholds and improvements	Shorter of primary lease term or between three to 40 years
Equipment and fixtures	Three to five years
Internal-use software	Three to 10 years
Properties under finance leases	Primary lease term or remaining primary lease term

Long-Lived Assets

On a regular basis, the Company assesses whether events or changes in circumstances have occurred that potentially indicate the carrying value of long-lived assets (primarily assets related to property and equipment leased or subleased to franchisees) may not be recoverable. The analysis is performed at the restaurant level for indicators of impairment. The Company tests for impairment using current and historical operating results and cash flows as well as other relevant facts and circumstances as the primary basis for estimates of future cash flows. The Company considers factors such as the number of years the franchisee's restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. Continuing losses associated with an asset are an indicator of impairment.

If it is decided that there has been an impairment, the carrying amount of the asset is written down to the estimated fair value as determined in accordance with U.S. GAAP governing fair value measurements. The primary method of estimating fair value is based on a discounted cash flow analysis. Any loss resulting from impairment is recognized as a charge against operations.

See *Note 13 - Closure and Long-lived Tangible Asset Impairment Charges*, of the Notes to the Consolidated Financial Statements for additional information.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Goodwill and Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. Intangible assets resulting from an acquisition are accounted for using the purchase method of accounting and are estimated by management based on the fair value of the assets received. The Company's identifiable intangible assets are comprised primarily of the Applebee's tradename and Applebee's franchise agreements and as of December 2022, the Fuzzy's tradename and Fuzzy's franchise agreements. Identifiable intangible assets with finite lives (franchise agreements) are amortized over the period of estimated benefit using the straight-line method and estimated useful lives. Goodwill and intangible assets considered to have an indefinite life (primarily the tradenames) are not subject to amortization. The determination of indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Goodwill has been allocated to four reporting units. The significant majority of the Company's goodwill resulted from the November 29, 2007 acquisition of Applebee's and was allocated to the Applebee's franchised restaurants unit (“Applebee's franchise unit”). Smaller amounts of goodwill arising from other business combinations have been allocated to the Fuzzy's franchised restaurants unit (“Fuzzy's franchise unit”), the IHOP franchised restaurants unit (“IHOP franchise unit”) and the Applebee's company restaurants unit (“Applebee's company unit”). See *Note 6 - Goodwill*, of the Notes to the Consolidated Financial Statements for additional information.

The Company evaluates the goodwill of the Applebee's franchise and company units and the indefinite-lived Applebee's tradename for impairment as of October 31 of each year. The Company evaluates the goodwill of the IHOP franchise unit and the Fuzzy's franchise unit for impairment as of December 31 of each year. In addition to the annual evaluation for impairment, goodwill and indefinite-lived intangible assets are evaluated more frequently if the Company believes indicators of impairment exist.

When evaluating goodwill and indefinite-lived intangible assets for impairment, under U.S. GAAP, the Company may first perform an assessment of qualitative factors to determine if the fair value of the reporting unit or the intangible asset is more-likely-than-not greater than the carrying amount. Such qualitative factors include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, current and future income tax rates, the competitive environment, fluctuations in the market value of the Company's common stock, absolute and relative to peers, overall financial performance and results of past impairment tests. If, based on a review of the qualitative factors, the Company determines it is more-likely-than-not that the fair value is greater than the carrying value, the Company may bypass a quantitative test for impairment.

In performing the quantitative test for impairment of goodwill, the Company primarily uses the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method. Significant assumptions used to determine fair value under the discounted cash flow method include expected future trends in sales, operating expenses, overhead expenses, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied. The Company measures impairment as the excess of a reporting unit's carrying amount over its fair value as determined by the quantitative test described above.

In the process of performing its quantitative impairment review of intangible assets considered to have an indefinite life, the Company primarily uses the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt to be applied to the forecast revenue stream.

Business Combinations

From time to time, we may enter into business combinations. In accordance with Accounting Standards Codification (“ASC”) 805, Business Combinations, the Company applies the acquisition method for acquisitions that meet the definition of a business combination. Under the acquisition method, the Company estimates the fair value of the identifiable assets and liabilities of the acquired entity on the acquisition date. Acquired intangible assets are valued using different methods under the income approach, including but not limited to, the multi-period excess earnings method for tradenames and franchising rights and the relief-from-royalty method for recipes. The Company measures goodwill as the excess of consideration transferred over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. Goodwill is assigned to each reporting unit that is expected to benefit from the synergies of the business combination. Acquisition-related expenses and

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

transaction costs associated with business combinations are expensed in the period incurred which is included in the transaction-related expenses line item of the Consolidated Statements of Comprehensive Income (Loss).

Revenue Recognition

The Company's revenues are recorded in four categories: franchise operations, company restaurant operations, rental operations and financing operations. Franchise revenue (which comprises most of the Company's revenues) and revenue from company-operated restaurants are recognized in accordance with ASC 606 - Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized upon transfer of control of promised services or goods to customers in an amount that reflects the consideration the Company expects to receive for those services or goods. The Company's rental and financing revenues are recognized in accordance with other U.S. GAAP accounting standards and are not subject to ASC 606.

Franchise Revenues

The Company franchises the Applebee's, IHOP and Fuzzy's restaurant concepts. The franchise arrangement for the brands is documented in the form of a franchise agreement and, in most cases, a development agreement. The franchise arrangement between the Company as the franchisor and the franchisee as the customer requires the Company to perform various activities to support the brand that do not directly transfer goods and services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all the utility is derived from its association with the Company's past or ongoing activities. The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation.

The transaction price in a standard franchise arrangement for the brands primarily consists of (a) initial franchise/ development fees; (b) continuing franchise fees (royalties); and (c) advertising fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required. Additionally, all domestic IHOP franchise agreements require franchisees to purchase proprietary pancake and waffle dry mix from the Company.

The Company recognizes the primary components of the transaction price as follows:

- Franchise and development fees are recognized as revenues ratably on a straight-line basis over the term of the franchise agreement commencing with the restaurant opening date. As these fees are typically received in cash at or near the beginning of the franchise term, the cash received is initially recorded as a contract liability until recognized as revenue over time;
- The Company is entitled to royalties and advertising fees based on a percentage of the franchisee's gross sales as defined in the franchise agreement. Royalty and advertising revenues are recognized when the franchisee's reported sales occur. Depending on timing within a fiscal period, the recognition of revenue results in either a contract asset (unbilled receivable) or, once billed, accounts receivable, on the balance sheet;
- Revenue from the sales of proprietary pancake and waffle dry mix is recognized in the period in which distributors ship the franchisee's order; recognition of revenue results in accounts receivable on the balance sheet.

In determining the amount and timing of revenue from contracts with customers, the Company exercises judgment with respect to collectibility of the amount; however, the timing of recognition does not require significant judgment as it is based on either the franchise term, the month of sale as reported by the franchisee or the date of product shipment, none of which require estimation.

The Company does not incur a significant amount of contract acquisition costs in conducting its franchising activities. The Company believes its franchising arrangements do not contain a significant financing component.

Company Restaurant Revenues

Company restaurant revenues comprise retail sales at company-operated restaurants. Sales by company-operated restaurants are recognized when food and beverage items are sold. Company restaurant sales are reported net of sales taxes collected from guests that are remitted to the appropriate taxing authorities, with no significant judgments required.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Rental Revenues

Rental operations revenues include revenues from operating leases and interest income from real estate leases. See *Basis of Presentation and Summary of Significant Accounting Policies - Leases.*

Financing Revenues

Financing operations revenues consist primarily of interest income from the financing of franchise fees and equipment leases, other notes receivable from franchisees and sales of equipment associated with refranchised IHOP restaurants. Interest income is recorded as earned.

Gift Card

The Company administers gift card programs for each restaurant concept. The Company records a liability in the period in which a gift card is sold and recognizes costs associated with its administration of the gift card programs as prepaid assets when the costs are incurred. The liability and prepaid asset recorded on the Company's books are relieved when gift cards are redeemed. If redemption occurs at a franchisee-operated restaurant, the gift card revenue, net of costs, is remitted to the franchisee. The Company receives gift card breakage revenue only from gift cards redeemed at company-operated restaurants. Breakage revenue for gift cards estimated to be redeemable at company-operated restaurants for the years ended December 31, 2022, 2021 and 2020 was $0.3 million in each year.

Allowance for Credit Losses

The allowance for credit losses is the Company's best estimate of the amount of probable credit losses incurred on existing receivables; however, changes in circumstances relating to receivables may result in changes to the allowance in the future. The Company determines the allowance based on historical losses, current conditions, and reasonable and supportable forecasts used in assessing the franchisee's or area licensee's ability to pay outstanding balances. The primary indicator of credit quality is delinquency, which is considered to be a receivable balance greater than 90 days past due. The Company continually reviews the allowance for credit losses. Past due balances and future obligations are reviewed individually for collectability. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. See *Note 4, Current Expected Credit Losses*, of the Notes to the Consolidated Financial Statements for additional information.

Leases

The Company accounts for its leasing activities in accordance with accounting guidance for leases, as codified in Accounting Standards Topic 842 (“ASC 842”), adopted as of the beginning of its 2019 fiscal year. In adopting ASC 842, the Company utilized expedients that allowed it to retain the classification, as either an operating lease or a finance lease, that was previously determined under prior accounting guidance for leases. The Company reassesses this classification upon renewal, extension or the modification of an existing lease agreement. The Company determines the appropriate classification upon entering into a new contract determined to contain a lease.

Operating lease assets and liabilities are recognized at the lease commencement date, or were recognized upon adoption of ASC 842. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives and impairment of operating lease assets.

The Company's lease agreements generally do not provide information to determine the implicit interest rate in the agreements. This requires the Company to estimate an incremental borrowing rate to be used in calculating operating lease liabilities as of the adoption or commencement date. The Company estimates the incremental borrowing rate primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption or commencement date; and (iii) adjustments for differences between these rates and the lease term.

The cost of an operating lease is recognized over the lease term on a straight-line basis. The lease term commences on the date the Company has the right to control the use of the leased property. Certain leases may contain provisions for rent holidays and fixed-step escalations in payments over the base lease term, as well as renewal periods. The effects of the holidays and fixed-step escalations are reflected in rent expense on a straight-line basis over the expected lease term. Differences between amounts paid and amounts expensed are recorded as deferred rent. Certain leases may include rent escalations based on inflation indexes and fair market value adjustments. Certain leases may contain contingent rental provisions that include a fixed

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

base rent plus an additional percentage of the restaurant's sales. Subsequent escalations subject to such an index and contingent rental payments are recognized as variable lease expense.

The rental payments (as lessee) or receipts (as lessor) on those property leases that meet the finance lease criteria result in the recognition of interest expense or interest income and a reduction of finance lease obligation or financing lease receivable, respectively. Finance lease obligations are amortized based on the Company's incremental borrowing rate and real estate leases receivable are amortized using the implicit interest rate.

Pre-opening Expenses

Expenditures related to the opening of new or relocated restaurants are charged to expense when incurred.

Advertising

Advertising expense reflected in the Consolidated Statements of Comprehensive Income (Loss) includes contributions to the national advertising funds made by Applebee's and IHOP, local marketing advertising costs incurred by company-operated restaurants, and certain advertising costs incurred by the Company to benefit future franchise operations. Costs of advertising typically are expensed either as incurred or the first time the advertising takes place. Any excess or deficiency of advertising fee revenue compared to advertising expenditures, is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

Advertising expense included in company restaurant operations for the years ended December 31, 2022, 2021 and 2020 was $5.6 million, $6.8 million and $5.2 million, respectively.

Fair Value Measurements

The Company determines the fair market values of its financial assets and liabilities, as well as non-financial assets and liabilities that are recognized or disclosed at fair value on a recurring basis, based on the fair value hierarchy established in U.S. GAAP. As necessary, the Company measures its financial assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities.
- Level 3 inputs are unobservable and reflect the Company's own assumptions.

The Company does not have a material amount of financial assets or liabilities that are required under U.S. GAAP to be measured at fair value on a recurring basis. None of the Company's non-financial assets or non-financial liabilities is required to be measured at fair value on a recurring basis. Assets recognized or disclosed at fair value in the consolidated financial statements on a nonrecurring basis include items such as property and equipment, operating lease assets, goodwill and other intangible assets, which are measured at fair value if determined to be impaired. The Company has not elected to use fair value measurement for any assets or liabilities for which fair value measurement is not presently required.

The Company believes the fair values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate their carrying amounts due to their short duration.

The fair values of non-current financial instruments, determined based on Level 2 inputs, are shown in the following table:

	December 31,	
	2022	2021
	(In millions)	
Face value of Series 2019-1 Fixed Rate Senior Secured Notes	$ 1,247.0	$ 1,287.0
Fair value of Series 2019-1 Fixed Rate Senior Secured Notes	$ 1,167.0	$ 1,312.9

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company utilizes the liability method of accounting for income taxes. Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that some or all of the deferred tax assets will not be realized. The Company records estimated tax liabilities to the extent the contingencies are probable and can be reasonably estimated. The Company recognizes interest accrued related to unrecognizable tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive Income (Loss).

The Company is taxed on global intangible low-tax income ("GILTI") earned by certain foreign subsidiaries and recognizes the current tax on GILTI as an expense in the period the tax is incurred. The Company includes the current tax impact of GILTI in our effective tax rate.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by taxing authorities based on its technical merits, including all appeals or litigation processes. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. For each reporting period, management applies a consistent methodology to measure and adjust all uncertain tax positions based on the available information.

Stock-Based Compensation

Members of the Board of Directors and certain employees are eligible to receive stock options, restricted stock, restricted stock units and performance units pursuant to the Dine Brands Global, Inc. 2019 Stock Incentive Plan. Shares of unvested restricted stock are subject to restrictions on transfer and forfeiture under certain circumstances. The holder of unvested restricted stock has the right to vote and receive regular cash dividends with respect to the shares of unvested restricted stock.

The Company accounts for all stock-based payments to employees and non-employee directors, including grants of stock options, restricted stock, restricted stock units and performance units to be recognized in the financial statements, based on their respective grant date fair values. The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods.

The grant date fair value of restricted stock and stock-settled restricted stock units is determined based on the Company's stock price on the grant date. The Company estimates the grant date fair value of stock option awards using the Black-Scholes option pricing model, which considers, among other factors, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. The Company estimates the grant date fair value of awards with performance-based market conditions using a Monte Carlo simulation method which considers, among other factors, the performance-based market condition, a risk-free interest rate, the expected life of the award and the historical volatility of the Company's stock price. Awards of cash-settled restricted stock units are classified as liabilities with the liability and compensation expense related to cash-settled awards adjusted to fair value at each balance sheet date.

Net Income (Loss) Per Share

Net income (loss) per share is calculated using the two-class method prescribed in U.S. GAAP. Basic net income (loss) per share is computed by dividing the net income (loss) available to common stockholders for the period by the weighted average number of common shares outstanding during the period. Diluted net income (loss) per share is computed by dividing the net income (loss) available to common stockholders for the period by the weighted average number of common shares and potential shares of common stock outstanding during the period if their effect is dilutive. The Company uses the treasury stock method to calculate the weighted average shares used in the diluted earnings per share calculation. Potentially dilutive common shares include the assumed exercise of stock options and assumed vesting of restricted stock.

Other Comprehensive Income (Loss)

For the years ended December 31, 2022, 2021 and 2020, the income tax benefit or provision allocated to items of other comprehensive income (loss) was not significant.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Treasury Stock

The Company may from time to time utilize treasury stock when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined using the first-in, first-out method.

Dividends

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the dividend declaration. Dividends declared in excess of retained earnings are recorded as a reduction of additional paid-in capital.

Reporting Segments

The Company identifies its reporting segments based on the organizational units used by management to monitor performance and make operating decisions. The Company has six operating segments: Applebee's franchise operations, IHOP franchise operations, Fuzzy's franchise operations, rental operations, financing operations and company-operated restaurant operations. The Company has four reporting segments: franchise operations, (an aggregation of each restaurant concept's franchise operations), rental operations, financing operations and company-operated restaurant operations. The Company considers these to be its reportable segments, regardless of whether any segment exceeds 10% of consolidated revenues, income before income tax provision or total assets.

<u>Franchise Segment</u>

As of December 31, 2022, the franchise operations reportable segment consisted of 1,678 restaurants operated by Applebee's franchisees in the United States, two United States territories and 11 countries outside the United States; 1,781 restaurants operated by IHOP franchisees and area licensees in the United States, two United States territories and nine countries outside the United States; and 134 restaurants operated by Fuzzy's franchisees in the United States. Franchise operations revenue consists primarily of royalties and advertising fees based on a percentage of the franchisee's gross sales, sales of proprietary products (primarily IHOP pancake and waffle dry mixes) and other franchise fees.

Franchise operations expenses include advertising expense, the cost of proprietary products, pre-opening training expenses and other franchise-related costs.

<u>Rental Segment</u>

Rental operations revenue includes revenue from operating leases and interest income from real estate leases. Rental operations expenses are costs of operating leases and interest expense of finance leases on franchisee-operated restaurants. The rental operations revenue and expenses are primarily generated by IHOP. Applebee's has an insignificant amount of rental activity.

<u>Financing Segment</u>

Financing operations revenue primarily consists of interest income from the financing of IHOP franchise fees and equipment leases, notes receivable from Applebee's and IHOP franchisees and sales of equipment associated with refranchised IHOP restaurants. Financing expenses are the cost of restaurant equipment.

<u>Company Segment</u>

As of December 31, 2022, the company-operated three Fuzzy's restaurants that were acquired in December 2022. During 2022, 2021 and 2020, the company-operated 69 Applebee's restaurants that were acquired from a former franchisee in December 2018. The 69 Applebee's company-operated restaurants were sold in October 2022. All company-operated restaurants were located in the United States. Company restaurant sales are retail sales at company-operated restaurants. Company restaurant expenses are operating expenses at company-operated restaurants and include food, beverage, labor, benefits, utilities, rent and other operating costs.

2. Basis of Presentation and Summary of Significant Accounting Policies (Continued)

Accounting Standards Adopted in the Current Fiscal Year

In July 2021, the FASB issued guidance which affect lessors with lease contracts that (i) have variable lease payments that do not depend on a reference index or a rate and (ii) would have resulted in the recognition of a selling loss at lease commencement if classified as sales-type or direct financing. The amendments are effective for fiscal years beginning after December 15, 2021. Adoption did not have any material effect on the consolidated financial statements.

In March 2020, with an update in January 2021, the FASB issued guidance which provides optional expedients and exceptions for applying current U.S. GAAP to contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate ("LIBOR") or by another reference rate expected to be discontinued. The guidance can be adopted immediately and is applicable to contracts entered into on or before December 31, 2022. Adoption did not have any material effect on the consolidated financial statements.

Additional new accounting guidance became effective for the Company as of the beginning of fiscal 2022 that the Company reviewed and concluded was either not applicable to its operations or had no material effect on its consolidated financial statements in the current or future fiscal years.

Newly Issued Accounting Standards Not Yet Adopted

The Company reviewed all other newly issued accounting pronouncements and concluded that they either are not applicable to the Company's operations or that no material effect is expected on the Company's financial statements when adoption is required in the future.

3. Revenue

The following table disaggregates our franchise revenues by major type for the years ended December 31, 2022, 2021 and 2020:

	Year ended December 31,		
	2022	**2021**	**2020**
Franchise Revenues		**(In thousands)**	
Royalties	$ 303,724	$ 292,372	$ 215,214
Advertising fees	289,328	274,790	201,494
Pancake and waffle dry mix sales and other	60,749	51,250	38,936
Franchise and development fees	8,637	13,524	13,809
Total franchise revenues	$ 662,438	$ 631,936	$ 469,453

Accounts and other receivables related to franchise revenues as of December 31, 2022 and 2021 were $69 million (net of allowance of $1.3 million) and $66 million (net of allowance of $1.1 million), respectively, and were included in receivables, net in the Consolidated Balance Sheets.

Changes in the Company's deferred franchise revenue during the year ended December 31, 2022 were as follows:

	Revenue (short- and long-term)
	(In thousands)
Balance at December 31, 2021	$ 53,346
Recognized as revenue during the year ended December 31, 2022	(8,518)
Fees deferred during the year ended December 31, 2022	4,044
Acquisition addition	621
Balance at December 31, 2022	$ 49,493

3. Revenue (Continued)

The balance of deferred franchise revenue as of December 31, 2022 is expected to be recognized as follows:

	(In thousands)
2023	$ 7,150
2024	6,478
2025	5,699
2026	4,850
2027	3,954
Thereafter	21,362
Total	$ 49,493

4. Current Expected Credit Losses ("CECL")

The CECL reserve methodology requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instrument. Under the CECL model, reserves may be established against financial asset balances even if the risk of loss is remote or has not yet manifested itself.

In applying the CECL methodology, the Company developed its estimated loss reserves in the following manner. The Company continued to record specific reserves against account balances of franchisees deemed "at-risk" when a potential loss is likely or imminent as a result of prolonged payment delinquency (greater than 90 days past due) and where notable credit deterioration has become evident. For financial assets that are not currently deemed "at-risk," an allowance is recorded based on expected loss rates derived pursuant to the following CECL methodology that assesses four components: (1) historical losses, (2) current conditions, (3) reasonable and supportable forecasts, and (4) reversion to history, if applicable.

Historical Losses

Historical loss rates over a five-year span were calculated for financial assets with common risk characteristics. The Company determined historical loss rate data for each franchise brand concept was more relevant than a single blended rate. Historical losses were determined based on the average charge-off method. Historical loss rates are further adjusted by factors related to current conditions and forecasts of future economic conditions.

Current Conditions

The Company identified three metrics that it believes provide the most relevant reflection of the current risks inherent in the Company's franchisee-based restaurant business, as follows: (1) delinquency status, (2) system-wide same-restaurant sales, and (3) restaurant unit-level economics. The current conditions adjustment factor was adjusted to account for the impact of the COVID-19 pandemic.

Reasonable and Supportable Forecasts

The third component in the CECL methodology involves consideration of macroeconomic conditions that can impact the estimate of expected credit losses in the future. The Company has not developed an internal methodology in this regard; rather, the Company utilizes existing, publicly accessible sources of economic data, primarily forecasts of overall unemployment rate as well as consumer spending based on the personal consumption expenditure index.

Reversion to History

The Company has determined that reversion to history was not required since the remaining average lives of the Company's financial assets are not exceedingly lengthy.

The Company considers its portfolio segments to be the following:

Accounts Receivable (Franchise-Related)

Most of the Company's short-term receivables due from franchisees are derived from royalty, advertising and other franchise-related fees.

4. Current Expected Credit Losses (Continued)

Gift Card Receivables

Gift card receivables consist primarily of amounts due from third-party vendors. Receivables related to gift card sales are subject to seasonality and usually peak around year end as a result of the December holiday season.

Notes Receivable

Notes receivable balances primarily relate to the conversion of certain Applebee's franchisee accounts receivable to notes receivable, cash loans to franchisees for working capital purposes, a note receivable in connection with the sale of IHOP company restaurants in June 2017, and IHOP franchise fee and other notes. The notes are typically collateralized by the franchise. The notes generally have a term from one to eight years and bear interest averaging 5.3% and 4.0% per annum at December 31, 2022 and 2021, respectively. Due to the risk inherent in Applebee's notes that were converted from previously delinquent franchisee accounts receivable balances, a significant portion of these notes have specific reserves recorded against them totaling $8.8 million as of December 31, 2022.

Equipment Leases Receivable

Equipment leases receivable primarily relate to IHOP franchise development activity prior to 2003. IHOP provided the financing for the leasing of the equipment. Equipment lease contracts are collateralized by the equipment in the restaurant. Equipment lease contracts are due in equal weekly installments, and bear interest averaging 9.8% and 9.9% per annum at December 31, 2022 and 2021, respectively. The term of an equipment lease contract typically coincides with the term of the corresponding restaurant building lease. The weighted average remaining life of the Company’s equipment leases is 3.9 years as of December 31, 2022. The estimated fair value of the equipment collateralizing these lease contracts are not deemed to be significant given the very seasoned and mature nature of this portfolio.

Real Estate Leases Receivable

Real estate lease receivable also primarily relate to IHOP franchise development activity prior to 2003 when IHOP typically leased or purchased the restaurant site, built and equipped the restaurant, and then franchised the restaurant to a franchisee. IHOP provided the financing for leasing or subleasing the site. Real estate lease receivables at December 31, 2022, were comprised of 48 leases with a weighted average remaining life of 10.2 years, and relate to locations that IHOP is leasing from third parties and subleasing to franchisees. Where applicable, building leases and equipment contracts contain cross-default provisions wherein a default under one constitutes a default under all.

Distributor Receivables

Receivables due from distributors are related to the sale of IHOP’s proprietary pancake and waffle dry mix to franchisees through the Company’s network of suppliers and distributors and are included as part of Other receivables.

Total receivables balances at December 31, 2022 and 2021 were as follows:

Receivables	**2022**	**2021**
	(In millions)	
Accounts receivable	$ 67.5	$ 63.6
Gift card receivables	34.6	33.4
Notes receivable	17.2	19.7
Financing receivables:		
Equipment leases receivable	26.6	33.4
Real estate leases receivable	18.5	16.7
Other receivables	5.6	7.6
	170.0	174.4
Less: allowance for doubtful accounts and notes receivable	(10.3)	(11.9)
	159.7	162.5
Less: current portion	(120.0)	(120.0)
Long-term receivables	$ 39.7	$ 42.5

4. Current Expected Credit Losses (Continued)

Changes in the allowance for credit losses during the years ended December 31, 2022 and 2021 were as follows:

	Accounts Receivable	Notes receivable, short-term	Notes receivable, long-term	Lease Receivables	Equipment Receivables	Other [1]	Total
				(In millions)			
Balance, December 31, 2020	$ 11.2	$ 3.6	$ 5.3	$ 0.4	$ 2.3	$ 0.3	$ 23.1
Bad debt (credit) expense	(8.2)	1.4	1.1	0.1	0.8	(0.1)	(4.9)
Advertising provision adjustment	(1.8)	(0.3)	0.2	—	—	—	(1.9)
Write-offs	(0.2)	(0.9)	—	(0.5)	(3.0)	—	(4.6)
Recoveries	0.0	—	—	0.2	—	—	0.2
Balance, December 31, 2021	$ 1.0	$ 3.8	$ 6.6	$ 0.2	$ 0.1	$ 0.2	$ 11.9
Bad debt (credit) expense	(0.1)	1.4	(1.1)	0.0	(0.0)	0.0	0.3
Advertising provision adjustment	0.5	(0.8)	(0.2)	—	—	—	(0.5)
Write-offs	(0.3)	(0.9)	—	(0.0)	(0.0)	(0.3)	(1.5)
Recoveries	0.1	—	—	0.0	0.0	0.0	0.1
Balance, December 31, 2022	$ 1.2	$ 3.5	$ 5.3	$ 0.2	$ 0.1	$ (0.1)	$ 10.3

[1] Primarily consists of distributor receivables, gift card receivables, and credit card receivables.

The Company's primary credit quality indicator for all portfolio segments is delinquency. The delinquency status of receivables (other than accounts receivable, gift card receivables and distributor receivables) at December 31, 2022 was as follows:

	Notes receivable, short-term	Notes receivable, long-term	Lease Receivables	Equipment Receivables	Other [1]	Total
			(In millions)			
Current	$ 4.9	$ 10.7	$ 18.5	$ 26.6	$ 0.0	$ 60.7
30-59 days	—	—	—	—	—	—
60-89 days	—	—	—	—	—	—
90-119 days	—	—	—	—	—	—
120+ days	1.6	—	—	—	—	1.6
Total	$ 6.5	$ 10.7	$ 18.5	$ 26.6	0.0	$ 62.3

[1] Primarily consists of credit card receivables.

The year of origination of the Company's financing receivables at December 31, 2022 as follows:

	Notes receivable, short and long-term	Lease Receivables	Equipment Receivables	Total
		(In millions)		
2022	$ 1.6	$ 8.5	$ —	$ 10.1
2021	10.1	2.5	—	12.6
2020	0.4	1.3	—	1.7
2019	—	0.7	—	0.7
2018	—	—	—	0.0
Prior	5.1	5.5	26.6	37.2
Total	$ 17.2	$ 18.5	$ 26.6	$ 62.3

The Company does not place its financing receivables in non-accrual status.

5. Property and Equipment

Property and equipment by category at December 31, 2022 and 2021 were as follows:

	2022	2021
	(In millions)	
Leaseholds and improvements	$ 211.5	$ 221.1
Properties under finance leases	56.7	94.6
Equipment and fixtures	41.5	52.5
Buildings and improvements	51.3	54.2
Land	47.8	51.3
Internal-use software	52.6	55.7
Construction in progress	17.6	5.5
Property and equipment, gross	479.0	534.9
Less: accumulated depreciation and amortization	(333.7)	(355.5)
Property and equipment, net	$ 145.3	$ 179.4

The Company recorded depreciation expense on property and equipment of $27.4 million, $29.2 million and $31.9 million for the years ended December 31, 2022, 2021 and 2020, respectively.

Accumulated depreciation and amortization includes accumulated amortization for properties under finance leases in the amount of $45.3 million and $52.7 million at December 31, 2022 and 2021, respectively.

6. Goodwill

The significant majority of the Company's goodwill arose from the November 29, 2007 acquisition of Applebee's. In October 2022, the disposition of assets of $4.6 million was related to the refranchising and sale of the restaurant assets of 69 Applebee's company-operated restaurants. In December 2022, the addition to goodwill of $7.0 million arose from the acquisition of Fuzzy's, which was determined to be a separate reporting unit. Changes in the carrying amount of goodwill for the years ended December 31, 2022, 2021 and 2020 are as follows:

	Applebee's Franchise Unit	Applebee's Company Unit	IHOP Franchise Unit	Fuzzy's Franchise Unit	Total
			(In millions)		
Balance at December 31, 2019	$ 328.4	$ 4.6	$ 10.8	$ —	$ 343.8
Impairment loss	(92.2)	—	—	—	(92.2)
Balance at December 31, 2020	$ 236.2	$ 4.6	$ 10.8	$ —	$ 251.6
Balance at December 31, 2021	$ 236.2	$ 4.6	$ 10.8	$ —	$ 251.6
Disposition of assets	—	(4.6)	—	—	(4.6)
Business acquisition	—	—	—	7.0	7.0
Balance at December 31, 2022	$ 236.2	$ —	$ 10.8	$ 7.0	$ 254.0

Gross and net carrying amounts of goodwill at December 31, 2022 and 2021 are as follows:

	December 31, 2022			December 31, 2021		
	Gross	Accumulated Impairment Loss	Net	Gross	Accumulated Impairment Loss	Net
			(In millions)			
Applebee's Franchise Unit	$ 686.7	$ (450.5)	$ 236.2	$ 686.7	$ (450.5)	$ 236.2
Applebee's Company Unit	4.6	(4.6)	—	4.6	—	4.6
IHOP Franchise Unit	10.8	—	10.8	10.8	—	10.8
Fuzzy's Franchise Unit	7.0	—	7.0	—	—	—
Total	$ 709.1	$ (455.1)	$ 254.0	$ 702.1	$ (450.5)	$ 251.6

6. Goodwill (Continued)

The Company assesses goodwill for impairment in accordance with its policy described in *Note 2 - Basis of Presentation and Summary of Significant Accounting Policies*.

The Company evaluates its goodwill and the indefinite-lived tradenames for impairment annually in the fourth quarter of each year or on an interim basis if events or changes in circumstances between annual tests indicate a potential impairment. Definite-lived intangible assets and long-lived tangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable based on estimated undiscounted future cash flows.

2022 and 2021 Assessments

In the fourth quarters of 2022 and 2021, the Company performed qualitative assessments of its goodwill in accordance with its accounting policies. As result of the qualitative assessment, the Company concluded it was more likely than not that the fair values of each unit exceeded the respective carrying amounts and therefore, a quantitative test of impairment was not necessary.

2020 Assessment

Because of the risks and uncertainties associated with the COVID-19 pandemic, the Company performed an interim assessment to determine whether the impact of COVID-19 indicated a potential impairment to its goodwill and intangible assets. In the second quarter of 2020, the Company noted that its common stock had recovered less of its early March 2020 (pre-pandemic) market value than the overall U.S. stock market had recovered. The Company also was able to assess several months of data as to the impact of the COVID-19 pandemic on its operations and, in turn, assess the impact that might have on the risk premium incorporated into its discount rate. Based on these developments, the Company determined that an interim quantitative test for impairment of the goodwill of the Applebee's Franchise and Company units should be performed as of May 24, 2020. In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The fair value technique used in this instance is classified as Level 3, where unobservable inputs are used when little or no market data is available.

In performing the quantitative test for impairment of goodwill, the Company used the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of goodwill and intangible assets. Significant assumptions made by management in estimating fair value under the discounted cash flow model include future trends in sales, operating expenses, overhead expenses, depreciation, capital expenditures and changes in working capital, along with an appropriate discount rate based on the Company's estimated cost of equity capital and after-tax cost of debt. Significant assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied.

As a result of performing the quantitative test of impairment, the Company recognized an impairment loss of $92.2 million in 2020 to the goodwill of the Applebee's Franchise unit. The majority of the impairment was due to an increase in the assessed risk premium incorporated into the discount rate assumption. There was no impairment of the Applebee's Company unit.

7. Other Intangible Assets

The significant majority of the Company's other intangible assets arose from the November 29, 2007 acquisition of Applebee's. Changes in the carrying amounts for the years ended December 31, 2022, 2021 and 2020 are as follows:

	Not Subject to Amortization		Subject to Amortization			
	Tradenames	Other	Franchising Rights	Reacquired Franchise Rights	Favorable Leaseholds	Total
	(In millions)					
Balance at December 31, 2019	$ 479.0	$ 3.2	$ 79.0	$ 9.8	$ 4.1	$ 575.1
Impairment	(11.0)	—	—	(3.3)	(0.8)	(15.1)
Amortization expense	—	—	(10.0)	(0.8)	(0.1)	(10.9)
Additions	—	0.6	—	—	—	0.5
Balance at December 31, 2020	468.0	3.8	69.0	5.7	3.2	549.7
Amortization expense	—	—	(10.0)	(0.6)	(0.1)	(10.7)
Additions	—	0.4	—	—	—	0.4
Balance at December 31, 2021	468.0	4.2	59.0	5.1	3.1	539.4
Amortization expense	—	—	(10.0)	(0.4)	(0.1)	(10.6)
Additions	57.2	0.8	14.8	—	—	72.8
Disposition	—	—	—	(4.7)	—	(4.7)
Balance at December 31, 2022	$ 525.2	$ 5.0	$ 63.8	$ —	$ 3.0	$ 597.0

In December 2022, the Company acquired Fuzzy's and recorded $57.2 million of tradename, $14.8 million of franchising rights and $0.5 million of recipes as intangible assets. Additions of other intangibles for the years ended December 31, 2022, 2021 and 2020 are individually insignificant. In October 2022, the $4.7 million disposition of assets was related to the refranchising and sale of the restaurant assets of 69 Applebee's company-operated restaurants.

Impairments in 2020

As discussed in *Note 6 - Goodwill*, the Company determined that indicators of impairment existed prior to the annual test for impairment and performed an interim quantitative test for impairment of Applebee's tradename and reacquired franchise rights in the second quarter of 2020. In performing the impairment test of the tradename, the Company used the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate and a discount rate applied to the forecast revenue stream. As a result of performing the quantitative test of impairment, the Company recognized an impairment of $11.0 million to Applebee's tradename. The majority of the impairment was due to an increase in the assessed risk premium incorporated into the discount rate assumption. In addition, the Company determined that the carrying amounts of reacquired franchise rights and favorable leaseholds exceeded the estimated fair value by $3.3 million and $0.8 million, respectively, and recorded impairments to those intangible assets.

Annual amortization expense for the next five fiscal years is estimated to be approximately $14.4 million per year.

Gross and net carrying amounts of intangible assets subject to amortization at December 31, 2022 and 2021 are as follows:

	December 31, 2022			December 31, 2021		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
	(In millions)					
Franchising rights	$ 214.8	$ (151.0)	$ 63.8	$ 200.0	$ (141.0)	$ 59.0
Reacquired franchise rights	—	—	—	8.3	(3.2)	5.1
Favorable leaseholds	3.4	(0.4)	3.0	$ 3.4	$ (0.3)	3.1
Total	$ 218.2	$ (151.4)	$ 66.8	$ 211.7	$ (144.5)	$ 67.2

In the fourth quarter of fiscal 2022 and 2021, the Company performed a qualitative assessment of the Applebee's tradename and concluded the fair value exceeded the carrying amount.

8. Long-Term Debt

Long-term debt at December 31, 2022 and 2021 consists of the following components:

	2022	2021
	(In millions)	
Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I	$ 653.0	$ 693.0
Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II	594.0	594.0
Series 2022-1 Variable Funding Class A-1, Variable Rate of 5.50% at December 31, 2022	100.0	—
Debt issuance costs	(5.1)	(7.4)
Long-term debt, net of debt issuance costs	1,341.9	1,279.6
Current portion of long-term debt	(100.0)	—
Long-term debt	$ 1,241.9	$ 1,279.6

Long-Term Debt

On June 5, 2019, Applebee’s Funding LLC and IHOP Funding LLC (the “Co-Issuers”), each a special purpose, wholly-owned indirect subsidiary of the Company, issued two tranches of fixed rate senior secured notes, the Series 2019-1 4.194% Fixed Rate Senior Secured Notes, Class A-2-I (“Class A-2-I Notes”) in an initial aggregate principal amount of $700 million and the Series 2019-1 4.723% Fixed Rate Senior Secured Notes, Class A-2-II (“Class A-2-II Notes”) in an initial aggregate principal amount of $600 million (the “Class A-2-II Notes” and, together with the Class A-2-I Notes, the “2019 Class A-2 Notes”). The 2019 Class A-2 Notes were issued pursuant to an offering exempt from registration under the Securities Act of 1933, as amended.

On August 12, 2022, the Co-Issuers established a new revolving financing facility, the 2022-1 Variable Funding Notes, Class A-1 (the “Credit Facility”), that allows for drawings up to $325 million of variable funding notes on a revolving basis and the issuance of letters of credit. In connection with this transaction, the Co-Issuers terminated their $225 million revolving financing facility, the 2019-1 Variable Funding Notes, Class A-1 (the “Previous Credit Facility”). The Credit Facility and the 2019 Class A-2 Notes are referred to collectively herein as the “Notes.” The Notes were issued in securitization transactions pursuant to which substantially all the domestic revenue-generating assets and domestic intellectual property held by the Co-Issuers and certain other special-purpose, wholly-owned indirect subsidiaries of the Company (the “Guarantors”) were pledged as collateral to secure the Notes.

The Notes were issued under a Base Indenture, dated as of September 30, 2014, and amended and restated as of June 5, 2019 (the “Base Indenture”). In addition, the 2019 Class A-2 Notes were issued under the related Series 2019-1 Supplement to the Base Indenture, dated June 5, 2019 (the “Series 2019-1 Supplement”), among the Co-Issuers and Citibank, N.A., as the trustee (in such capacity, the “Trustee”) and securities intermediary and the Credit Facility was issued under the related Series 2022-1 Supplement to the Base Indenture, dated August 12, 2022 (“Series 2022-1 Supplement”), among the Co-Issuers and Citibank, N.A., as Trustee and securities intermediary. The Base Indenture, Series 2019-1 Supplement and Series 2022-1 Supplement (collectively, the “Indenture”) will allow the Co-Issuers to issue additional series of notes in the future subject to certain conditions set forth therein.

2019 Class A-2 Notes

The legal final maturity of the 2019 Class A-2 Notes is in June 2049, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Class A-2-I Notes will be repaid in June 2024 (the “Class A-2-I Anticipated Repayment Date”) and the Class A-2-II Notes will be repaid in June 2026 (the “Class A-2-II Anticipated Repayment Date”). If the Co-Issuers have not repaid or refinanced the Class A-2-I Notes by the Class A-2-I Anticipated Repayment Date or the Class A-2-II Notes by the Class A-2-II Anticipated Repayment Date, then additional interest will accrue on the Class A-2-I Notes and the Class A-2-II Notes, as applicable, at the greater of: (A) 5.0% and (B) the amount, if any, by which the sum of the following exceeds the applicable Class A-2 Note interest rate: (x) the yield to maturity (adjusted to a quarterly bond-equivalent basis) on the applicable anticipated repayment date of the United States Treasury Security having a term closest to 10 years plus (y) 5.0%, plus (z) 2.15% for the Class A-2-I Notes and 2.64% for the Class A-2-II Notes.

While the 2019 Class A-2 Notes are outstanding, payment of principal and interest is required to be made on the 2019 Class A-2 Notes on a quarterly basis. The payment of principal on the 2019 Class A-2 Notes may be suspended when the leverage ratio for the Company and its subsidiaries is less than or equal to 5.25x. Exceeding the leverage ratio of 5.25x does not violate any covenant related to the Notes. In general, the leverage ratio is the Company's indebtedness (as defined in the

8. Long-Term Debt (Continued)

Indenture) divided by adjusted EBITDA (as defined in the Indenture) for the four preceding quarterly periods. The complete definitions of all calculation elements of the leverage ratio are contained in the Indenture.

As of December 31, 2022 the Company's leverage ratio was 4.4x. As a result, quarterly principal payments on the 2019 Class A-2 Notes of $3.25 million currently are not required. During fiscal 2021, the Company's leverage ratio exceeded 5.25x until the quarterly payment period ended September 30, 2021. Accordingly, the Company made three principal payments totaling $9.75 million in fiscal 2021.

The Company may voluntarily repay the 2019 Class A-2 Notes at any time; however, if the 2019 Class A-2 Notes are repaid prior to certain dates, the Company would be required to pay make-whole premiums. As of December 31, 2022, the make-whole premium associated with voluntary prepayment of the Class A-2-I Notes was zero and will remain as such. As of December 31, 2022, the make-whole premium associated with voluntary prepayment of the Class A-2-II Notes was approximately $0.5 million; this amount declines each quarter to zero in June 2024. The Company would also be subject to a make-whole premium in the event of a mandatory prepayment required following a Rapid Amortization Event (as defined in the Indenture) or certain asset dispositions. The mandatory make-whole premium requirements are considered derivatives embedded in the New Notes that must be bifurcated for separate valuation. The Company estimated the fair value of these derivatives to be immaterial as of December 31, 2022, based on the probability-weighted discounted cash flows associated with either event.

2019 Class A-1 Notes

The Previous Credit Facility allowed for drawings up to $225 million of variable funding notes on a revolving basis and the issuance of letters of credit. In March 2020, the Company borrowed $220.0 million against the Previous Credit Facility. The $220.0 million was repaid on March 5, 2021, and as of December 31, 2021, there were no outstanding borrowings under the Previous Credit Facility.

The interest rate for borrowings under the Previous Credit Facility was the three-month LIBOR rate plus 2.15% for 60% of the advances and the commercial paper funding rate of our conduit investor plus 2.15% for 40% of the advances. The weighted average interest rate for the period outstanding during the year ended December 31, 2021 was 2.42%.

2022 Class A-1 Notes

In August 2022, the Co-Issuers entered into the Credit Facility that allows for drawings up to $325 million of variable funding notes on a revolving basis and the issuance of letters of credit. The applicable interest rate under the Credit Facility depends on the type of borrowing by the Co-Issuers. The applicable interest rate for advances is generally calculated at a per annum rate equal to the commercial paper funding rate or one-, two-, three- or six-month Term SOFR Rate, in either case, plus 2.50%. The applicable interest rate for swingline advances and unreimbursed draws on outstanding letters of credit is a per annum base rate equal to the sum of (a) the greatest of (i) the Prime Rate in effect from time to time; (ii) the Federal Funds Rate in effect from time to time plus 0.50%; and (iii) Term SOFR for a one-month tenor in effect at such time plus 0.50% plus (b) 2.00%.

The legal final maturity of the Credit Facility is June 2052, but amortization will apply if there are outstanding amounts under the Credit Facility after June 2027 (the “Class A-1 Renewal Date”). The Class A-1 Renewal Date may be extended at the Co-Issuers’ election for up to two successive one-year periods if certain conditions are met. If the Co-Issuers have not repaid or refinanced the Credit Facility by the Class A-1 Renewal Date (after giving effect to any extensions), then interest will accrue on the Credit Facility at a rate equal to 5.00% in addition to the regular interest rate applicable to the Credit Facility.

In August 2022, the Company borrowed $100 million against the Credit Facility, all of which was outstanding at December 31, 2022. The amount of $3.4 million was pledged against the Credit Facility for outstanding letters of credit, leaving $221.6 million of the Credit Facility available for borrowing at December 31, 2022. It is anticipated that any principal and interest on the Credit Facility outstanding will be repaid in full on or prior to the quarterly payment date in June 2027, subject to two additional one-year extensions at the option of the Company upon the satisfaction of certain conditions. The letters of credit are used primarily to satisfy insurance-related collateral requirements. The weighted average interest rate for the period outstanding during the year ended December 31, 2022 was 3.64%.

Management Agreement

Under the terms of the Management Agreement, dated September 30, 2014, as amended and restated as of September 5, 2018, as further amended and restated as of June 5, 2019 and as amended by that certain Amendment No. 1 to Management Agreement dated November 21, 2019, among the Co-Issuers and the Guarantors (collectively, the “Securitization Entities”), the Company, Applebee’s Services, Inc., International House of Pancakes, LLC and the Trustee, the Company will act as the

8. Long-Term Debt (Continued)

manager with respect to substantially all of the assets of the Securitization Entities (the “Securitized Assets”). The primary responsibilities of the manager will be to perform certain franchising, distribution, intellectual property and operational functions on behalf of the Securitization Entities with respect to the Securitized Assets pursuant to the Management Agreement. The manager will be entitled to the payment of the weekly management fee, as set forth in the Management Agreement and will be subject to the liabilities set forth in the Management Agreement. The Company, as Manager, voluntarily began waiving its receipt of the weekly management fee in April 2020 and resumed its receiving the weekly management fee in July 2020.

Covenants and Restrictions

The New Notes are subject to a series of covenants and restrictions customary for transactions of this type, including: (i) that the Co-Issuers maintain specified reserve accounts to be used to make required payments in respect of the New Notes, (ii) provisions relating to optional and mandatory prepayments, and the related payment of specified amounts, including specified call redemption premiums in the case of Class A-2 Notes under certain circumstances; (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the New Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The New Notes are subject to customary rapid amortization events provided for in the Indenture, including events tied to failure of the Securitization Entities to maintain the stated debt service coverage ratio (“DSCR”), the sum of domestic retail sales for all restaurants being below certain levels on certain measurement dates, certain manager termination events, certain events of default and the failure to repay or refinance the Class A-2 Notes on the anticipated repayment dates. The New Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the New Notes, failure of the Securitization Entities to maintain the stated DSCR, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties and certain judgments.

In general, the DSCR ratio is Net Cash Flow (as defined in the Indenture) for the four quarters preceding the calculation date divided by the total debt service payments (as defined in the Indenture) of the preceding four quarters. The complete definitions of the DSCR and all calculation elements are contained in the Indenture. Failure to maintain a prescribed DSCR can trigger a Cash Flow Sweeping Event, a Rapid Amortization Event, a Manager Termination Event or a Default Event as described below. In a Cash Flow Sweeping Event, the Trustee is required to retain 50% of excess Cash Flow (as defined in the Indenture) in a restricted account. In a Rapid Amortization Event, all excess Cash Flow is retained and used to retire principal amounts of debt. In a Manager Termination Event, the Company may be replaced as manager of the assets securitized under the Indenture. In a Default Event, the outstanding principal amount and any accrued but unpaid interest can be called to become immediately due and payable. Key DSCRs are as follows:

- DSCR less than 1.75x - Cash Flow Sweeping Event
- DSCR less than 1.20x - Rapid Amortization Event
- Interest-only DSCR less than 1.20x - Manager Termination Event
- Interest-only DSCR less than 1.10x - Default Event

The Company's DSCR for the reporting period ended December 31, 2022 was approximately 4.1x.

(Gain)/Loss on Extinguishment of Debt

In connection with the termination of the Previous Credit Facility during the year ended December 31, 2022, the Company recognized a loss on extinguishment of debt of $1.2 million, representing the remaining unamortized debt issuance costs associated with the Previous Credit Facility. In addition, the Company purchased $40.0 million of its 2019 Class A-2 Notes under par and recognized a $1.4 million gain on extinguishment of debt during the three months ended December 31, 2022.

Debt Issuance Costs

2022 Class A-1 Notes

In August 2022, the Company incurred costs of approximately $6.3 million in connection with the issuance of the Credit Facility. These debt issuance costs are being amortized over the estimated life of the Credit Facility. Amortization of $0.4 million of these costs was included in interest expense for the year ended December 31, 2022. Unamortized debt issuance costs of $5.9 million related to the Credit Facility are classified as other non-current assets in the Consolidated Balance Sheets.

8. Long-Term Debt (Continued)

2019 Class A-2 Notes

The Company incurred costs of approximately $12.9 million in connection with the issuance of the 2019 Class A-2 Notes. These debt issuance costs are being amortized using the effective interest method over estimated life of each tranche of the 2019 Class A-2 Notes. Amortization costs of $2.4 million, $2.2 million, and $2.1 million included in interest expense for the years ended December 31, 2022, 2021 and 2020, respectively. Unamortized debt issuance costs of $5.1 million are reported as a direct reduction of the Class A-2 Notes in the Consolidated Balance Sheets.

Amortization costs incurred in connection with the Previous Credit Facility of $0.4 million, $0.6 million, and $0.6 million were included in interest expense for the years ended December 31, 2022, 2021 and 2020, respectively.

Total unamortized debt issuance costs of $1.5 million related to the Previous Credit Facility were classified as other long-term assets because there are no borrowings outstanding against the Credit Facility at December 31, 2021.

Maturities of Long-term Debt

- The legal final maturity of the Class A-2 Notes is in June 2049, but it is anticipated that, unless repaid earlier, the Class A-2-I Notes will be repaid in June 2024 and the Class A-2-II Notes will be repaid in June 2026.
- The renewal date of the Credit Facility is June 2027, subject to two additional one-year extensions at the option of the Company upon the satisfaction of certain conditions.
- Quarterly principal payments on the Class A-2-I and Class A-2-II Notes totaling $3.25 million ($13.0 million per annum) are required if the Company's leverage ratio is greater than 5.25x.

9. Financing Obligations

On May 19, 2008, the Company entered into a Purchase and Sale Agreement relating to the sale and leaseback of 181 parcels of real property (the “Sale-Leaseback Transaction”), each of which is improved with a restaurant operating as an Applebee's Neighborhood Grill and Bar (the “Properties”). On June 13, 2008, the closing date of the Sale-Leaseback Transaction, the Company entered into a Master Land and Building Lease (“Master Lease”) for the Properties. The proceeds received from the transaction were $337.2 million. The Master Lease calls for an initial term of twenty years and four, five-year options to extend the term.

The Sale-Leaseback Transaction does not qualify as a sale under current U.S. GAAP. Accordingly, the Sale-Leaseback Transaction continues to be recorded under the financing method. The value of the land and leasehold improvements will remain on the Company's books and the leasehold improvements will continue to be depreciated over their remaining useful lives. The net proceeds received were recorded as a financing obligation. A portion of the lease payments is recorded as a decrease to the financing obligation and a portion is recognized as interest expense. In the event the lease obligation of any individual property or group of properties is assumed by a qualified franchisee, the portion of the transaction related to that property or group of properties is recorded as a sale in accordance with U.S. GAAP and the net book value of those properties will be removed from the Company's books, along with a ratable portion of the remaining financing obligation.

As of December 31, 2022, the portion of the original Sale-Leaseback Transaction related to 160 of the 181 Properties has qualified as a sale by assignment of the lease obligation to a qualified franchisee or a release from the lessor. In accordance with the accounting described above, the property and equipment and financing obligations have each been cumulatively reduced by approximately $286.9 million.

As of December 31, 2022, future minimum lease payments under financing obligations during the initial terms of the leases related to the sale-leaseback transactions are as follows:

Fiscal Years	(In millions)
2023	$ 4.0
2024	4.6
2025	4.6
2026	4.9
2027	4.6
Thereafter	22.5
Total minimum lease payments	45.2
Less: interest	(15.8)
Total financing obligations	29.4
Less: current portion(1)	(1.0)
Long-term financing obligations	$ 28.4

(1) Included in current maturities of finance lease and financing obligations on the consolidated balance sheets.

10. Leases

The Company engages in leasing activity as both a lessee and a lessor. The majority of the Company's lease portfolio originated when the Company was actively involved in the development and financing of IHOP restaurants prior to the franchising of the restaurant to the franchisee. This activity included the Company's purchase or leasing of the site on which the restaurant was located and subsequently leasing/subleasing the site to the franchisee. With a few exceptions, the Company ended this practice in 2003 and the Company's current lease activity is predominantly comprised of renewals of existing lease arrangements and exercises of options on existing lease arrangements.

The Company currently leases from third parties the real property on which approximately 530 IHOP franchisee-operated restaurants and one Applebee's franchisee-operated restaurant are located; the Company (as lessor) subleases the property to the franchisees that operate those restaurants. The Company also leases property it owns to the franchisees that operate 52 IHOP restaurants and one Applebee's restaurant. The Company leases from third parties the real property on which company-operated restaurants are located. The Company also leases office space for its principal corporate office in Glendale, California and will be moving to Pasadena, California. In addition, the Company leases office space for restaurant support centers in Leawood, Kansas and Irving, Texas. The Company does not have a significant amount of non-real estate leases.

The Company's existing leases/subleases related to IHOP restaurants generally provide for an initial term of 20 to 25 years, with most having one or more five-year renewal options. Leases related to Applebee's restaurants generally have an initial term of 10 to 20 years, with renewal terms of five to 20 years. Option periods were not included in determining liabilities and right-of-use assets related to operating leases. Restaurants associated with approximately 325 of the Company's leases met the sales levels that required variable rent payments to the Company (as lessor), based on a percentage of restaurant sales in 2022. Restaurants associated with approximately 65 of the Company's leases met the sales levels that required variable rent payments by the Company (as lessee), based on a percentage of restaurant sales in 2022.

The individual lease agreements do not provide information to determine the implicit interest rate in the agreements. The Company made significant judgments in determining the incremental borrowing rates that were used in calculating operating lease liabilities. Due to the large number of leases, the Company applied a portfolio approach by grouping the leases based on the original lease term. The Company estimated the interest rate for each grouping primarily by reference to (i) yield rates on debt issuances by companies of a similar credit rating as the Company; (ii) U.S. Treasury rates as of the adoption date; and (iii) adjustments for differences in years to maturity.

10. Leases (Continued)

The Company's lease cost for the years ended December 31, 2022, 2021, and 2020 was as follows:

	Year Ended December 31,		
	2022	2021	2020
Finance lease cost:	(In millions)		
Amortization of right-of-use assets	$ 3.6	$ 4.6	$ 5.0
Interest on lease liabilities	4.5	5.4	6.6
Operating lease cost[(1)]	83.5	84.4	90.6
Variable lease cost	7.6	7.0	0.8
Short-term lease cost	0.0	0.1	0.0
Sublease income	(106.8)	(104.6)	(96.8)
Lease cost	$ (7.6)	$ (3.1)	$ 6.2

[(1)] Operating lease cost for the years ended December 31, 2021 and 2020 previously disclosed as $98.7 million and $109.8 million, respectively, were overstated due to the inclusion of certain finance lease activity. The correct operating lease cost for the years ended December 31, 2021 and 2020 was $84.4 million and $90.6 million, respectively, as reflected in the above table. The overstatement only impacted this note disclosure, and there was no impact to the Consolidated Statement of Comprehensive Income.

Future minimum lease payments under noncancellable leases as lessee as of December 31, 2022 were as follows:

	Finance Leases	Operating Leases
	(In millions)	
2023	$ 8.8	$ 63.7
2024	7.3	74.3
2025	5.9	63.9
2026	5.3	55.3
2027	4.3	37.1
Thereafter	16.3	110.0
Total minimum lease payments	47.9	404.3
Less: interest/imputed interest	(10.9)	(70.1)
Total obligations	37.0	334.2
Less: current portion	(6.6)	(59.1)
Long-term lease obligations	$ 30.4	$ 275.1

The weighted average remaining lease term as of December 31, 2022 was 7.41 years for finance leases and 6.25 years for operating leases. The weighted average discount rate as of December 31, 2022 was 10.5% for finance leases and 5.5% for operating leases.

During the years ended December 31, 2022, 2021 and 2020, the Company made the following cash payments for leases:

	Year Ended December 31,		
	2022	2021	2020
	(In millions)		
Principal payments on finance lease obligations	$ 8.9	$ 10.2	$ 12.5
Interest payments on finance lease obligations	$ 4.5	$ 5.4	$ 6.6
Payments on operating leases	$ 83.5	$ 91.7	$ 101.1
Variable lease payments	$ 7.6	$ 6.2	$ 0.7

10. Leases (Continued)

The Company's income from operating leases for the years ended December 31, 2022, 2021 and 2020 was as follows:

	Year Ended December 31,		
	2022	2021	2020
		(In millions)	
Minimum lease payments	$ 96.4	$ 96.0	$ 97.2
Variable lease income	16.9	15.3	5.2
Total operating lease income	$ 113.3	$ 111.3	$ 102.4

Future minimum payments to be received as lessor under noncancellable operating leases as of December 31, 2022 were as follows:

	(In millions)
2023	$ 103.6
2024	94.8
2025	82.1
2026	67.6
2027	49.5
Thereafter	122.0
Total minimum rents receivable	$ 519.6

The Company's income from real estate leases receivable at December 31, 2022, 2021 and 2020 was as follows:

	Year Ended December 31,		
	2022	2021	2020
		(In millions)	
Selling profit	$ 0.9	$ —	$ —
Interest income	1.5	2.1	3.4
Variable lease income	0.7	0.5	0.3
Total financing lease income	$ 3.1	$ 2.6	$ 3.7

Future minimum payments to be received as lessor under noncancellable real estate leases as of December 31, 2022 were as follows:

	(In millions)
2023	$ 4.7
2024	2.6
2025	1.8
2026	1.8
2027	1.8
Thereafter	12.4
Total minimum rents receivable	25.1
Less: unearned income	(6.6)
Total real estate leases receivable	18.5
Less: current portion	(3.6)
Long-term real estate leases receivable	$ 14.9

11. Commitments and Contingencies

Purchase Commitments

In some instances, the Company enters into commitments to purchase advertising and other items. Most of these agreements are fixed price purchase commitments. At December 31, 2022, the outstanding purchase commitments were $95.6 million, of which $86.3 million related to advertising commitments over the next twelve months.

Lease Guarantees

In connection with the sale of Applebee's restaurants to franchisees and other parties, the Company has, in certain cases, guaranteed or had potential continuing liability for lease payments. The Company had outstanding lease guarantees or was contingently liable for approximately $445.1 million and $223.1 million as of December 31, 2022 and 2021, respectively. These amounts represent the maximum potential liability of future payments under these leases. These leases have been assigned to the buyers and expire at the end of the respective lease terms, which range from 2023 through 2058. Excluding unexercised option periods, the Company's potential liability for future payments under these leases as of December 31, 2022 was $102.9 million. In the event of default, the indemnity and default clauses in our sale or assignment agreements govern our ability to pursue and recover damages incurred. No material liabilities for these guarantees have been recorded as of December 31, 2022.

Litigation, Claims and Disputes

The Company is subject to various lawsuits, governmental inspections, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of the Company's litigation are expensed as such fees and expenses are incurred. In the opinion of management, these matters are adequately covered by insurance or, if not so covered, are without merit or are of such a nature or involve amounts that would not have a material adverse impact on the Company's business or consolidated financial statements. Management regularly assesses the Company's insurance deductibles, analyzes litigation information with the Company's attorneys and evaluates its loss experience in connection with pending legal proceedings. While the Company does not presently believe that any of the legal proceedings to which the Company is currently a party will ultimately have a material adverse impact on the Company, there can be no assurance that the Company will prevail in all the proceedings the Company is party to, or that the Company will not incur material losses from them.

Letters of Credit

The Company provides letters of credit, primarily to various insurance carriers to collateralize obligations for outstanding claims. As of December 31, 2022, the Company had approximately $3.4 million of unused letters of credit outstanding that reduce the Company's available borrowing under its 2022 Class A-1 Notes. These letters of credit expire on various dates in 2023 and are automatically renewed for an additional year if no cancellation notice is submitted.

12. Stockholders' Deficit

Stock Repurchase Programs

In February 2019, the Company’s Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $200 million of the Company’s common stock (the “2019 Repurchase Program”) on an opportunistic basis from time to time in the open market or in privately negotiated transactions based on business, market, applicable legal requirements and other considerations. The 2019 Repurchase Program, as approved by the Board of Directors, does not require the repurchase of a specific number of shares and can be terminated at any time.

On February 17, 2022, the Company's Board of Directors authorized a new share repurchase program, effective April 1, 2022, of up to $250 million (the “2022 Repurchase Program”). In connection with the approval of the 2022 Repurchase Program, the 2019 Repurchase Program terminated effective April 1, 2022. In 2022, the Company repurchased 588,108 shares of common stock at a cost of $41.4 million under the 2019 Repurchase Program through April 1, 2022.

12. Stockholders' Deficit (Continued)

A summary of shares repurchased under the 2022 Repurchase Program and the 2019 Repurchase Program, during the years ended December 31, 2022, 2021 and 2020, and cumulatively for each program, is as follows:

	Shares	Cost of shares (In millions)
2022 Repurchase Program		
Repurchased during the year ended December 31, 2022	1,149,589	$ 78.7
Cumulative (life-of-program) repurchases	1,149,589	$ 78.7
Remaining dollar value of shares that may be repurchased	n/a	$ 171.3
2019 Repurchase Program		
Repurchased during the year ended December 31, 2022	588,108	$ 41.4
Repurchased during the year ended December 31, 2021	59,099	$ 4.5
Repurchased during the year ended December 31, 2020	459,899	$ 26.5
Cumulative (life-of-program) repurchases	2,344,804	$ 175.8
Remaining dollar value of shares that may be repurchased	n/a	$ 24.2

Dividends

During the fiscal years ended December 31, 2022, 2021 and 2020, the Company declared and paid dividends on common stock as follows:

Year ended December 31, 2022	Declaration Date	Payment Date	Dividends declared per share	Dividends paid per share	Total dividends paid(1) (In millions)
Payment of prior year declaration	(3)	January 7, 2022	$ —	$ 0.40	$ 6.9
First quarter	February 17, 2022	April 1, 2022	0.46	0.46	7.8
Second quarter	May 12, 2022	July 8, 2022	0.51	0.51	8.2
Third quarter	September 9, 2022	September 30, 2022	0.51	0.51	8.1
Fourth quarter	December 2, 2022	(2)	0.51	—	—
Total			$ 1.99	$ 1.88	$ 31.0

Year ended December 31, 2021	Declaration Date	Payment Date	Dividends declared per share	Dividends paid per share	Total dividends paid(1)
Fourth quarter	December 20, 2021	(3)	$ 0.40	$ —	$ —
Total			$ 0.40	$ —	$ —

Year ended December 31, 2020	Declaration Date	Payment Date	Dividends declared per share	Dividends paid per share	Total dividends paid(1)
Payment of prior year declaration	(4)	January 10, 2020	$ —	$ 0.69	$ 11.7
First quarter	February 20, 2020	April 3, 2020	0.76	0.76	12.7
Total			$ 0.76	$ 1.45	$ 24.4

(1) Includes dividend equivalents paid on restricted stock units.
(2) The fourth quarter 2022 dividend of $8.0 million was paid on January 6, 2023.
(3) The fourth quarter 2021 dividend of $6.9 million was paid on January 7, 2022.
(4) The fourth quarter 2019 dividend of $11.7 million was paid on January 10, 2020.

Dividends declared on common stock are recorded as a reduction of retained earnings to the extent retained earnings are available at the close of the period prior to the date of the declared dividend. Dividends in excess of retained earnings are recorded as a reduction of additional paid-in capital. All dividends declared during the fiscal years ended December 31, 2022, 2021 and 2020 were declared from retained earnings.

12. Stockholders' Deficit (Continued)

Treasury Stock

Repurchases of the Company's common stock are included in treasury stock at the cost of shares repurchased plus any transaction costs. Treasury stock may be re-issued when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. The cost of treasury stock re-issued is determined on the first-in, first-out (“FIFO”) method. The Company re-issued 205,293 shares, 660,718 shares and 433,477 shares, respectively, during the years ended December 31, 2022, 2021 and 2020 at a total FIFO cost of $9.6 million, $26.8 million and $19.4 million, respectively.

13. Closure and Long-lived Tangible Asset Impairment Charges

Closure and long-lived tangible asset impairment charges for the years ended December 31, 2022, 2021 and 2020 were as follows:

	Year Ended December 31,		
	2022	2021	2020
		(In millions)	
Closure charges	$ 1.7	$ 3.7	$ 3.0
Long-lived tangible asset impairment	1.4	1.7	22.3
Total closure and long-lived tangible asset impairment charges	$ 3.1	$ 5.4	$ 25.3

Closure Charges

The closure charges of $1.7 million for the year ended December 31, 2022 comprised $0.4 million related to three IHOP restaurants closed in fiscal 2022 and $1.3 million for revisions to existing closure reserves, including accretion, primarily for approximately 40 IHOP restaurants closed prior to December 31, 2021.

The closure charges of $3.7 million for the year ended December 31, 2021 comprised $2.1 million related to 20 IHOP restaurants closed in 2021 and $1.6 million for revisions to existing closure reserves, including accretion, primarily for 28 IHOP restaurants closed prior to December 31, 2020. Approximately $1.6 million of closure charges for the year ended December 31, 2020 related to seven IHOP restaurants closed during 2020, with the remainder primarily related to adjustments to the reserve for IHOP and Applebee's restaurants closed prior to 2020.

Long-lived Tangible Asset Impairment

The long-lived asset impairment of $1.4 million for the year ended December 31, 2022 related to five IHOP

franchisee-operated restaurants for which the carrying amount exceeded the future projected cash flows. The primary method of estimating fair value is based on a discounted cash flow analysis. The Company also considers factors such as the number of years the restaurant has been in operation, sales trends, cash flow trends, remaining lease life and other factors which apply on a case-by-case basis. For locations owned by the Company, current purchase offers, if any, or valuations from independent third party sources are utilized, if available. The analysis is performed at the restaurant level for indicators of permanent impairment. The impairment recorded represented the difference between the carrying value and the estimated fair value. The impairments primarily related to operating lease right-of-use assets.

The long-lived asset impairment of $1.7 million for the year ended December 31, 2021 related to five IHOP franchisee-operated restaurants for which the carrying amount exceeded the future projected cash flows. The long-lived asset impairment of $22.3 million for the year ended December 31, 2020 related to 29 Applebee's company-operated restaurants and 29 IHOP franchisee-operated restaurants for which the carrying amount exceeded the undiscounted cash flows. Approximately $15.1 million of the total impairment related to operating lease right-of-use assets, while $7.2 million related to impairments of land, building, leasehold improvements and finance leases. The impairments by individual property varied in amount, ranging from the largest single-property impairment of $1.3 million to less than $5,000.

14. Stock-Based Incentive Plans

General Description

Currently, the Company is authorized to grant stock options, stock appreciation rights, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors under the Dine Brands Global, Inc. 2019 Stock Incentive Plan (the "2019 Plan"). The 2019 Plan was approved by stockholders on May 14, 2019 to permit the issuance of up to 2,050,000 shares (subject to adjustment as defined in the 2019 Plan for shares that may become available from prior plans) of the Company's common stock for incentive stock awards. The 2019 Plan will expire in May 2029.

The Dine Brands Global, Inc. 2016 Stock Incentive Plan (the "2016 Plan") was adopted in 2016 to permit the issuance of up to 3,750,000 shares of the Company's common stock for incentive stock awards. The 2016 Plan was terminated upon adoption of the 2019 Plan, but there are stock options (vested and unvested) and unvested restricted stock and restricted stock units issued under the 2016 Plan that are outstanding as of December 31, 2022.

The DineEquity, Inc. 2011 Stock Incentive Plan (the "2011 Plan") was adopted in 2011 to permit the issuance of up to 1,500,000 shares of the Company's common stock for incentive stock awards. The 2011 Plan was terminated upon adoption of the 2016 Plan, but there are vested stock options issued under the 2011 Plan that are outstanding as of December 31, 2022.

The 2019 Plan, 2016 Plan and the 2011 Plan are collectively referred to as the "Plans."

Stock-Based Compensation Expense

From time to time, the Company has granted non-qualified stock options, restricted stock, cash-settled and stock-settled restricted stock units and performance units to officers, other employees and non-employee directors of the Company under the Plans. The non-qualified stock options generally vest ratably over a three-year period in one-third increments and have a maturity of ten years from the grant date. Options vest immediately upon a change in control of the Company, as defined in the Plans. Option exercise prices equal the closing price of the Company's common stock on the New York Stock Exchange on the date of grant. Restricted stock and restricted stock units are issued at no cost to the holder and vest over terms determined by the Compensation Committee of the Company's Board of Directors, generally either three years from the date of grant or in one-third increments over three years, as well as immediately upon a change in control of the Company, as defined in the Plans. The Company either utilizes treasury stock or issues new shares from its authorized but unissued share pool when vested stock options are exercised, when restricted stock awards are granted and when restricted stock units settle in stock upon vesting. See *Note 12, Stockholders' Deficit*, of Notes to the Consolidated Financial Statements, for treasury shares utilized related to equity grants during the years ended December 31, 2022, 2021 and 2020.

The following table summarizes the Company's stock-based compensation expense included as a component of general and administrative expenses in the consolidated financial statements:

	Year Ended December 31,		
	2022	2021	2020
		(In millions)	
Stock-based compensation expense			
Equity classified awards expense	$ 16.2	$ 11.6	$ 12.6
Liability classified awards expense	1.4	2.3	1.0
Total pretax stock-based compensation expense	17.6	13.9	13.6
Book income tax benefit	(3.5)	(3.5)	(3.4)
Total stock-based compensation expense, net of tax	$ 14.1	$ 10.4	$ 10.2

As of December 31, 2022, total unrecognized compensation cost related to restricted stock and restricted stock units of $17.5 million and $2.7 million related to stock options is expected to be recognized over a weighted average period of approximately 1.5 years for restricted stock and restricted stock units and 1.3 years for stock options.

14. Stock-Based Incentive Plans (Continued)

Equity Classified Awards - Stock Options

The per share fair values of the stock options granted have been estimated as of the date of grant using the Black-Scholes option pricing model. The Black-Scholes model considers, among other factors, the expected life of the option and the historical volatility of the Company's stock price. The Black-Scholes model meets the requirements of U.S. GAAP, but the fair values generated by the model may not be indicative of the actual fair values of the Company's stock-based awards.

The following table summarizes the assumptions used in the Black-Scholes model for stock options granted in the years ended December 31, 2022, 2021 and 2020:

	2022	2021	2020
Risk free interest rate	1.7 %	0.5 %	1.2 %
Weighted average historical volatility	70.1 %	67.7 %	30.5 %
Dividend yield	2.6 %	— %	3.5 %
Expected years until exercise	4.5	4.5	4.6
Weighted average fair value of options granted	$ 33.23	$ 40.25	$ 17.53

Stock option activity for the years ended December 31, 2022, 2021 and 2020 is summarized as follows:

	Number of Shares Under Option	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at December 31, 2019	1,217,438	$ 66.43		
Granted	167,969	87.17		
Exercised	(270,024)	76.01		
Forfeited	(45,247)	86.39		
Expired	(55,466)	107.78		
Outstanding at December 31, 2020	1,014,670	64.16		
Granted	95,891	75.28		
Exercised	(524,536)	48.79		
Forfeited	(59,468)	88.39		
Expired	(50,653)	98.61		
Outstanding at December 31, 2021	475,904	76.65		
Granted	75,795	70.08		
Exercised	(3,505)	68.80		
Forfeited	(6,171)	81.13		
Expired	(2,448)	94.43		
Outstanding at December 31, 2022	539,575	$ 75.65	6.8	$ 3.5
Vested and Expected to Vest at December 31, 2022	528,037	$ 75.72	5.9	$ 1.5
Exercisable at December 31, 2022	378,811	$ 75.95	4.9	$ 1.3

The total intrinsic value of options exercised during the years ended December 31, 2022, 2021 and 2020 was $37 thousand, $17.9 million and $4.3 million, respectively.

Cash received from options exercised under all stock-based payment arrangements for the years ended December 31, 2022, 2021 and 2020 was $0.2 million, $25.3 million and $20.5 million, respectively. The actual tax benefit realized for the tax deduction from option exercises under the stock-based payment arrangements totaled $9 thousand, $4.5 million and $1.1 million, respectively, for the years ended December 31, 2022, 2021 and 2020.

14. Stock-Based Incentive Plans (Continued)

Equity Classified Awards - Restricted Stock and Restricted Stock Units

Activity in equity classified awards of restricted stock and restricted stock units for the years ended December 31, 2022, 2021 and 2020 is as follows:

	Shares of Restricted Stock	Weighted Average Grant-Date Per Share Fair Value	Restricted Stock Units	Weighted Average Grant-Date Per Share Fair Value
Outstanding at December 31, 2019	224,515	$ 70.52	357,807	$ 30.35
Granted	163,522	73.68	30,997	77.33
Released	(95,211)	55.75	(33,234)	63.98
Forfeited	(38,495)	85.03	—	—
Outstanding at December 31, 2020	254,331	76.50	355,570	28.01
Granted	141,264	83.24	68,998	63.04
Released	(60,407)	66.90	(318,976)	23.19
Forfeited	(58,577)	82.09	—	—
Outstanding at December 31, 2021	276,611	80.85	105,592	71.00
Granted	201,789	70.12	60,914	49.36
Released	(98,864)	86.36	(42,611)	66.63
Forfeited	(23,636)	75.89	—	—
Outstanding at December 31, 2022	355,900	$ 73.57	123,895	$ 62.11

Liability Classified Awards - Cash-settled Restricted Stock Units

The Company has granted cash-settled restricted stock units to certain employees. These instruments are recorded as liabilities at fair value as of the respective period end.

	Cash-Settled Restricted Stock Units
Outstanding at December 31, 2019	63,852
Granted	2,658
Released	(1,426)
Forfeited	(12,128)
Outstanding at December 31, 2020	52,956
Granted	—
Released	(38,916)
Forfeited	(1,241)
Outstanding at December 31, 2021	12,799
Granted	67
Released	(12,866)
Forfeited	—
Outstanding at December 31, 2022	—

For the years ended December 31, 2022, 2021 and 2020, $0.2 million, $1.5 million and, $0.3 million respectively, was included as stock-based compensation expense related to cash-settled restricted stock units. At December 31, 2022 and 2021, liabilities of zero and $0.9 million, respectively, related to cash-settled restricted stock units were included as part of accrued employee compensation and benefits in the Consolidated Balance Sheets.

14. Stock-Based Incentive Plans (Continued)

Liability Classified Awards - Long-Term Incentive Awards

The Company has granted cash long-term incentive awards to certain employees ("LTIP awards"). Annual LTIP awards vest over a three-year period and are determined using a multiplier from 0% to 200% of the target award based on the total stockholder return of the Company's common stock compared to the total stockholder returns of a peer group of companies. Though LTIP awards are only paid in cash, since the multiplier is primarily based on the price of the Company's common stock, the awards are considered stock-based compensation in accordance with U.S. GAAP and are classified as liabilities. For the years ended December 31, 2022, 2021 and 2020, expense of $1.2 million, $0.8 million and $0.7 million, respectively, was included in stock-based compensation expense related to the LTIP awards. At December 31, 2022 and 2021, liabilities of $2.1 million and $1.5 million, respectively, were included as accrued employee compensation and benefits in the Consolidated Balance Sheets.

15. Employee Benefit Plans

401(k) Savings and Investment Plan

Effective January 1, 2013, the Company amended the Dine Brands Global, Inc. 401(k) Plan to (i) modify the Company matching formula and (ii) eliminate the one-year completed service requirement that previously had to be met to become eligible for Company matching contributions. As amended, the Company matches 100% of the first four percent of the employee's eligible compensation deferral and 50% of the next two percent of the employee's eligible compensation deferral. All contributions under this plan vest immediately. Company common stock is not an investment option for employees in the 401(k) Plan, other than shares transferred from a prior employee stock ownership plan. Substantially all of the administrative cost of the 401(k) plan is borne by the Company. The Company's matching contribution expense was $3.3 million, $2.9 million and $2.8 million for the years ended December 31, 2022, 2021 and 2020, respectively.

16. Income Taxes

The provision (benefit) for income taxes for the years ended December 31, 2022, 2021 and 2020 was as follows:

	Year Ended December 31,		
	2022	2021	2020
Provision (benefit) for income taxes		(In millions)	
Current			
Federal	$ 27.5	$ 20.2	$ 11.0
State	5.5	4.6	3.1
Foreign	1.8	1.4	1.3
	34.8	26.2	15.4
Deferred			
Federal	(3.8)	(2.3)	(17.3)
State	2.7	0.2	(2.7)
	(1.1)	(2.1)	(20.0)
Provision (benefit) for income taxes	$ 33.7	$ 24.1	$ (4.6)

Note 16. Income Taxes (Continued)

The provision (benefit) for income taxes differs from the expected federal income tax rates as follows:

	Year Ended December 31,		
	2022	2021	2020
Statutory federal income tax rate	21.0 %	21.0 %	21.0 %
Non-deductibility of goodwill	0.8	—	(17.9)
Non-deductibility of officer's compensation	2.9	2.2	(0.9)
State and other taxes, net of federal tax benefit	3.1	3.1	1.2
Excess tax deficiencies or benefits	(0.5)	(7.1)	0.1
Change in unrecognized tax benefits	—	(0.1)	2.0
Change in valuation allowance	(0.3)	0.5	(1.5)
Changes in tax rates and state tax laws	3.4	0.2	(0.4)
General business credits	(1.4)	(0.9)	0.8
Other	0.3	0.8	(0.2)
Effective tax rate	29.3 %	19.7 %	4.2 %

The fiscal year 2022 effective tax rate of 29.3% applied to pretax book income was different than the statutory Federal income tax rate of 21% due to the state and local income taxes and the non-deductibility of executive compensation. The effective tax rate further increased due to the increase in the effective state tax rate applied to revaluing deferred tax balances. The increase in the effective state tax rate was due to the non-recurring refranchising of 69 Applebee's company-operated restaurants in the fourth quarter of 2022 and various state legislative changes.

The fiscal year 2021 effective tax rate of 19.7% applied to pretax book income was different than the statutory Federal income tax rate of 21% primarily due to the one-time recognition of excess tax benefits on stock-based compensation, offset by non-deductibility of executive compensation and state and local income taxes.

The fiscal year 2020 effective tax rate of 4.2% applied to pretax book loss was significantly different than the statutory Federal income tax rate of 21% primarily because of the $92.2 million impairment of goodwill incurred, which was not deductible for income tax purposes and therefore had no associated tax benefit.

The Company files federal income tax returns and the Company or one of its subsidiaries file income tax returns in various state and international jurisdictions. With few exceptions, the Company is no longer subject to federal tax examinations by tax authorities for years before 2018 and state or non-United States tax examinations by tax authorities for years before 2011. The Company believes that adequate reserves have been recorded relating to all matters contained in the tax periods open to examination.

Net deferred tax assets (liabilities) at December 31, 2022 and 2021 consisted of the following components:

	2022	2021
	(In millions)	
Lease liabilities	$ 93.6	$ 112.9
Employee compensation	9.7	12.1
Revenue recognition	37.1	35.4
Other	8.4	8.4
Deferred tax assets	148.8	168.8
Valuation allowance	(3.5)	(4.2)
Total deferred tax assets after valuation allowance	145.3	164.6
Recognition of franchise and equipment sales	(6.7)	(8.2)
Capitalization and depreciation[(1)]	(121.0)	(122.7)
Lease assets	(90.8)	(108.6)
Other	(1.5)	(1.3)
Deferred tax liabilities	(220.0)	(240.8)
Net deferred tax liabilities	$ (74.7)	$ (76.2)

[(1)] Primarily related to the 2007 Applebee's acquisition.

As of each reporting date, the Company considers new evidence, both positive and negative, that could impact management's view with regards to future realization of deferred tax assets. During fiscal 2022, we released a valuation

Note 16. Income Taxes (Continued)

allowance of $1.1 million related to state deferred tax assets based on positive evidence which suggests that deferred tax assets will be more likely than not to be realizable in the future. We also believe that the future realizability of benefits arising from foreign tax credit carryforwards and certain state net operating loss carryforwards does not meet the more-likely-than-not threshold. In recognition of this risk, there is a valuation allowance of $3.5 million as of December 31, 2022.

The Company had gross operating loss carryforwards for state tax purposes of $37.9 million and $23.6 million as of December 31, 2022 and 2021, respectively. Certain net operating loss carryforwards will expire in 2029 if not utilized.

The total gross unrecognized tax benefit as of December 31, 2022 and 2021 was $2.1 million and $1.9 million, respectively, excluding interest, penalties and related income tax benefits. If recognized, these amounts would affect the Company's effective income tax rates.

The Company estimates the unrecognized tax benefits may decrease over the upcoming 12 months by an amount up to less than $0.5 million related to settlements with taxing authorities and statute of limitations expirations. For the remaining liability, due to the uncertainties related to these tax matters, the Company is unable to make a reasonable estimate as to when cash settlement with a taxing authority will occur. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	Year Ended December 31,		
	2022	2021	2020
		(In millions)	
Unrecognized tax benefit as of January 1	$ 1.9	$ 2.2	$ 7.6
Changes for tax positions of prior years	0.1	0.5	—
Increases for tax positions related to the current year	0.4	0.3	0.2
Decreases relating to settlements and lapsing of statutes of limitations	(0.3)	(1.1)	(5.6)
Unrecognized tax benefit as of December 31	$ 2.1	$ 1.9	$ 2.2

As of December 31, 2022, the accrued interest was $0.7 million and accrued penalties were less than $0.1 million, excluding any related income tax benefits. As of December 31, 2021, the accrued interest and penalties were $0.6 million and less than $0.1 million, respectively, excluding any related income tax benefits. The Company recognizes interest accrued related to unrecognized tax benefits and penalties as a component of the income tax provision recognized in the Consolidated Statements of Comprehensive Income (Loss).

17. Net Income (Loss) Per Share

The computation of the Company's basic and diluted net income (loss) per share is as follows:

	Year Ended December 31,		
	2022	2021	2020
	(in thousands, except per share data)		
Numerator for basic and diluted income (loss) per common share			
Net income (loss)	$ 81,111	$ 97,864	$ (103,994)
Less: Net income allocated to unvested participating restricted stock	(2,174)	(2,295)	(420)
Net income (loss) available to common stockholders - basic	78,937	95,569	(104,414)
Effect of unvested participating restricted stock	1	13	—
Numerator - income (loss) available to common shareholders - diluted	$ 78,938	$ 95,582	$ (104,414)
Denominator			
Weighted average outstanding shares of common stock - basic	15,873	16,799	16,230
Effect of dilutive securities:			
Stock options	28	91	—
Weighted average outstanding shares of common stock - diluted	15,901	16,890	16,230
Net income (loss) per common share			
Basic	$ 4.97	$ 5.69	$ (6.43)
Diluted	$ 4.96	$ 5.66	$ (6.43)

For the year ended December 31, 2020, diluted loss per common share was computed using the basic weighted average number of shares outstanding during the period as the 100,056 shares from common stock equivalents would have been antidilutive.

18. Segment Reporting

Information on segments and a reconciliation of gross profit to income (loss) before income taxes is as follows:

	Year Ended December 31,		
	2022	2021	2020
Revenues		(In millions)	
Franchise operations	$ 662.4	$ 631.9	$ 469.5
Rental operations	116.5	113.9	105.9
Company restaurants	126.9	146.0	108.1
Financing operations	3.6	4.3	5.8
Total	$ 909.4	$ 896.2	$ 689.3
Gross profit (loss), by segment			
Franchise operations	$ 340.5	$ 336.0	$ 230.5
Rental operations	28.5	26.1	16.4
Company restaurants	5.1	9.3	(3.5)
Financing operations	3.2	3.8	5.3
Total gross profit	377.3	375.2	248.7
Corporate and unallocated expenses, net	(262.6)	(253.3)	(357.3)
Income (loss) before income taxes	$ 114.8	$ 121.9	$ (108.6)
Interest expense			
Rental operations	$ 4.3	$ 4.9	$ 6.3
Company restaurants	2.6	3.3	2.7
Corporate	60.7	63.3	66.9
Total	$ 67.6	$ 71.5	$ 75.9
Depreciation and amortization			
Franchise operations	$ 10.0	$ 10.1	$ 10.1
Rental operations	10.7	11.1	12.3
Company restaurants	4.3	7.0	7.0
Corporate	13.0	11.7	13.4
Total	$ 38.0	$ 39.9	$ 42.8
Goodwill and intangible assets, closure and other impairment charges			
Franchise operations	$ 3.1	$ 1.7	$ 122.1
Company restaurants	—	3.7	10.5
Total	$ 3.1	$ 5.4	$ 132.6
Capital expenditures			
Company restaurants	$ 4.3	$ 6.5	$ 2.7
Corporate	31.0	10.3	8.2
Total	$ 35.3	$ 16.8	$ 10.9
Goodwill			
Franchise operations	$ 254.0	$ 247.0	$ 247.0
Company restaurants	—	4.6	4.6
Total	$ 254.0	$ 251.6	$ 251.6
Total assets			
Franchise operations	$ 1,123.0	$ 991.0	$ 997.7
Rental operations	390.6	426.6	451.5
Company restaurants	3.3	117.2	121.1
Financing operations	31.8	39.7	49.9
Corporate	332.8	424.9	454.7
Total	$ 1,881.5	$ 1,999.4	$ 2,074.9

19. Business Acquisition

On December 13, 2022, the Company purchased all of the issued and outstanding membership interests of Fuzzy's for approximately $80 million in cash, pursuant to the Membership Interest Purchase Agreement, dated as of December 2, 2022, with Fuzzy's becoming a wholly-owned subsidiary of the Company. Fuzzy's is a dining company that develops, franchises and operates casual dining restaurants that offer a specialized menu of Baja-style Mexican food under the Fuzzy's Taco Shop brand. The Company acquired Fuzzy's as part of the Company's goal to investing in a high growth concept to accelerate growth.

The Company reviewed the SEC guidance in Regulation S-X on the significance of an acquired business that determines if an acquired business is required to provide financial statements and pro forma statements if the business exceeds 20% significance to the Company. Based on the three required tests (asset, investment and income) that were performed by the Company, the acquisition was not deemed to be a significant acquisition, and therefore the required disclosures are limited in these Consolidated Financial Statements. The results of operations related to Fuzzy's have been included in the consolidated results of the Company subsequent to the acquisition date.

The acquisition of Fuzzy's has been accounted for using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*, with the Company treated as the accounting acquirer, which requires that the assets acquired, and liabilities assumed be recognized at their acquisition date fair value. The Company received a third-party actuarial valuation report to determine the fair value assigned to the assets acquired and liabilities assumed.

The intangible assets acquired include franchising rights with an estimated useful life of 20 years and a tradename with an indefinite useful life (see Note 7). The fair value of franchising rights was estimated based on the estimated future cash flows to be generated from these franchise agreements. The earnings expected to be generated by the franchising rights were forecasted over the estimated duration of the intangible asset. The earnings were then discounted to present value at a rate commensurate with the risk of the asset. The fair value of the tradename was estimated based on the multi-period excess earnings method, a variation of the income approach, using cash flows ("excess earnings") attributable only to the tradename intangible asset. These excess earnings were discounted to present value at a rate commensurate with the risk of the asset.

The fair value of the tangible personal property and other working capital assets and liabilities was assumed to approximate book value.

Operating lease liabilities were calculated using the present value of lease payments not yet paid and operating lease assets were calculated based upon the operating lease liabilities adjusted for prepayments or accrued lease payments. The contractual rent payments were determined to approximate market rates.

The following table summarizes the estimated fair value of net assets acquired at December 13, 2022:

	(In millions)
Receivables and other current assets	$ 1.1
Property and equipment and other non-current assets	2.1
Tradename	57.2
Franchise agreements	14.8
Other intangible assets	0.5
Goodwill	7.0
Accounts payable and other liabilities	(4.4)
Net cash paid for acquisition	$ 78.3

The excess of the purchase price over the fair value of identifiable net assets acquired amounted to approximately $7.0 million. The acquisition goodwill arises from the expected synergies from combining the operations of the Company and Fuzzy's. The allocation of the purchase price is subject to potential changes due to working capital adjustments expected to be completed within approximately 90 days of the acquisition date. The Company's goodwill balance also may change during the allowable allocation period, which is up to one year from the acquisition date if additional information becomes available.

20. Subsequent Events

On February 16, 2023, the Company's Board of Directors authorized a debt repurchase program of up to $100 million.

GUARANTEE OF OBLIGATIONS
(NON-TRADITIONAL RESTAURANT FRANCHISE ADDENDUM)
("NT FA")

EXHIBIT E

GUARANTEE OF OBLIGATIONS
(Non-Traditional Restaurant Franchise Addendum)

THIS GUARANTEE OF OBLIGATIONS (Non-Traditional Restaurant Franchise Addendum) ("**Guarantee**") is given by ___________________________ (hereinafter referred to as "**the undersigned**") to IHOP FRANCHISOR LLC, a Delaware limited liability company, (hereinafter referred to as "**IHOP**") in consideration of the execution of the Non-Traditional Restaurant Franchise Addendum pertaining to IHOP #____ located at ___________________________ (the "**Franchised Restaurant**") by ________________ (hereinafter referred to as "**Franchisee**").

The undersigned hereby covenants with IHOP that if default shall, at any time, be made by Franchisee in the payment of any sums of money due IHOP pursuant to the IHOP Non-Traditional Multi-Unit Franchise Agreement dated _______________ (hereinafter referred to as the "**IHOP NT MUFA**") and/or the Non-Traditional Restaurant Franchise Addendum between IHOP Franchisor LLC and the undersigned, to be entered into concurrently herewith (hereinafter referred to as the "**NT FA**"), or if Franchisee shall default in fulfilling any of the covenants, agreements, or conditions of the IHOP NT MUFA and/or the NT FA to be performed by Franchisee, the undersigned shall pay to IHOP, its successors or assigns, any sums of money which may be owing under the IHOP NT MUFA and/or the NT FA, and/or shall take such action as may be required to cure the default in any of the covenants, agreements or conditions of the IHOP NT MUFA and/or the NT FA to be performed by Franchisee, and the undersigned will pay all damages that may arise as a consequence thereof.

This Guarantee shall be a continuing guarantee, and the liability of the undersigned hereunder shall in no way be affected or diminished in any manner whatsoever by reason of the assertion by IHOP against Franchisee of any of the rights or remedies reserved to IHOP pursuant to the IHOP NT MUFA and/or the NT FA, by reason of the waiver by IHOP, or the failure of IHOP to enforce any, of the provisions, covenants, or conditions of the IHOP NT MUFA and/or the NT FA, or by reason of the granting by IHOP of any indulgence or extension of time to Franchisee, and the liability hereunder shall in no way be affected or diminished by reason of any amendment, modification, renewal or extension of the IHOP NT MUFA and/or the NT FA, or the abandonment or surrender of the Franchised Restaurant by Franchisee.

The undersigned hereby expressly waives the following:

(i) Notice of the acceptance of this Guarantee by any person or entity; and

(ii) Any and all notices to which the undersigned might otherwise be entitled to in connection with this Guarantee, the IHOP NT MUFA and/or the NT FA. It shall not be necessary for IHOP, in order to enforce this Guarantee, to first institute any suit or proceeding or exhaust legal remedies against Franchisee.

The undersigned hereby waives any right to require, as a condition precedent to bringing action on this Guarantee:

(a) Proceeding against Franchisee under the IHOP NT MUFA and/or the NT FA; or

(b) Pursuing any other remedy in IHOP's, their successors' or assigns' power whatsoever.

This Guarantee shall not be discharged or affected by the dissolution, liquidation or bankruptcy of Franchisee or the merger of Franchisee with another business entity.

This Guarantee is an absolute guaranty of payment and not of collection. The undersigned agrees to pay reasonable attorneys' fees, court costs and any and all other costs and expenses which may be incurred in the enforcement of this Guarantee, whether or not suit is brought hereon.

This Guarantee shall inure to the benefit of the IHOP and their successors and assigns. Notice of assignment, transfer or disposition by IHOP of their interests hereunder or under the IHOP NT MUFA and/or the NT FA is hereby waived by the undersigned.

The undersigned agrees to be personally bound by each and every provision of the IHOP NT MUFA and the NT FA including, without limitation, the agreement to arbitrate disputes in Section 10.2 of the IHOP NT MUFA.

This Guarantee shall be construed under the laws of the State of California.

IN WITNESS WHEREOF, this Guarantee of Obligations is executed this ________ day of ___________________________, 20__.

____

APPROVED:
FRANCHISEE:

____

ACCEPTED:
IHOP:
IHOP FRANCHISOR LLC

By: ______________________________________

Its: ____

TABLE OF CONTENTS OF OPERATIONS MANUALS (FULL-SERVICE)

EXHIBIT F

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TABLE OF CONTENTS OF OPERATIONS MANUALS
(IHOP EXPRESS)

EXHIBIT F-1

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LIST OF STATE ADMINISTRATORS

EXHIBIT G

STATE ADMINISTRATORS

California

Commissioner
Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500
(866) 275-2677 Toll Free

Hawaii

Hawaii Commissioner of Securities
Business Registration Division
Department of Commerce &
Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

Indiana

Office of the Secretary of State
Franchise Section
302 W. Washington Street
Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

Securities Division
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

Michigan

Franchise Section
Corporate Oversight Division
Michigan Dept. of Attorney General
G. Mennen Williams Bldg., 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48913
(517) 335-7567

Minnesota

Securities Section
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

New York

Investor Protection Bureau
New York State Department of Law
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

North Dakota

North Dakota Securities Department
600 East Boulevard, 5th Floor
Bismarck, North Dakota 58505
(701) 328-4712

Rhode Island

Securities Division
Department of Business Regulation
John O. Pastore Complex
1511 Pontiac Avenue, Building 69-1
John O. Pastore Complex
Cranston, Rhode Island 02920
(401) 462-9527

South Dakota

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

Virginia

Division of Securities and Retail Franchising
State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

Washington

Securities Division – 3rd Floor
Department of Financial Institutions
150 Israel Rd. SW
Tumwater, Washington 98501
(360) 902-8760

Wisconsin

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53703
(608) 266-2139

LIST OF AGENTS FOR SERVICE OF PROCESS

EXHIBIT H

AGENTS FOR SERVICE OF PROCESS

California

Corporation Service Company d/b/a
CSC Lawyers Incorporating Service Company
2730 Gateway Oaks Drive Suite 100
Sacramento, California 93533

Commissioner of the Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, California 90013

Hawaii

CSC Services of Hawaii, Inc.
1003 Bishop Street, Suite 1600
Pauahi Tower
Honolulu, Hawaii 96813

Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

Illinois

Illinois Corporation Service Company
801 Adlai Stevenson Drive
Springfield, Illinois 62703

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

Indiana

Corporation Service Company
251 East Ohio Street, Suite 500
Indianapolis, Indiana 46204

Secretary of State
Franchise Section
302 West Washington, Room E-111
Indianapolis, Indiana 46204

Maryland

CSC Lawyers Incorporating Service Company 7 St. Paul Street, Suite 1660
Baltimore, Maryland 21202

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21201-2020

Michigan

Michigan Attorney General's Office
Corporate Oversight Division, Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913

Minnesota

Corporation Service Company
380 Jackson Street, Suite 700
St. Paul, Minnesota 55101

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101

New York

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001

Investor Protection Bureau
Department of Law
120 Broadway, 23rd Floor
New York, New York 10271

North Dakota

Corporation Service Company 316 North
Fifth Street
P.O. Box 1695
Bismarck, North Dakota 58502

Securities Commissioner
600 East Boulevard, Fifth Floor
Bismarck, North Dakota 58505

Rhode Island

Corporation Service Company
222 Jefferson Boulevard, Suite 200 Warwick,
Rhode Island 02888

Director, Securities Division
Department of Business Regulation
1511 Pontiac Avenue, Building 69-1
John O. Pastore Complex
Cranston, Rhode Island 02920

South Dakota

Corporation Service Company
503 South Pierre Street
Pierre, South Dakota 57501

Director of the Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501

Virginia

Corporation Service Company
11 South 12th Street, P. 0. Box 1463
Richmond, Virginia 23218

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

Washington

Corporation Service Company
300 Deschutes Way SW, Suite 304
Tumwater, Washington 985012

Director, Department of Financial Institutions
Securities Division – 3rd Floor
150 Israel Road, SW
Tumwater, Washington 98501

Wisconsin

CSC Lawyers Incorporating Service
Company
8040 Excelsior Drive, Suite 400
Madison, Wisconsin 53717

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

GENERAL RELEASE
(NON-TRADITIONAL)

EXHIBIT I

GENERAL RELEASE
(Non-Traditional)

THIS GENERAL RELEASE (this "**Release Agreement**") is made by and among IHOP Franchisor LLC, a Delaware limited liability company ("**Company**"), ____________________ ("**Franchisee**") and the undersigned "**Majority Owner**" of Franchisee (who together with Franchisee, jointly and severally, referred to herein as "**Releasor**"), effective as of the ___ day of __________, 20__ (the "**Effective Date**") with reference to the following facts:

A. Franchisee desires to enter into an IHOP Non-Traditional Multi-Unit Franchise Agreement; and

B. Company has agreed to execute the IHOP Non-Traditional Master License Agreement on condition, among other things, that Releasor execute this Release Agreement.

THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Company hereby agree as follows:

1. **General Release Agreement**. Except for the performance of the undertakings set forth herein and the Excluded Matters described in Section 2, Releasor for itself and its Constituents, hereby releases and forever discharges Company and each of its Constituents (defined below), including without limitation, Dine Brands Global, Inc., formerly known as DineEquity, Inc. and IHOP Corp., IHOP IP, LLC, IHOP Properties, LLC, IHOP Property Leasing, LLC, IHOP Property Leasing II, LLC, IHOP Real Estate, LLC, IHOP Property LLC, and IHOP Leasing LLC, and their predecessors in interest (jointly and severally the "**Company Released Parties**") from any and all known and unknown Claims and Claims which Releasor should know or become aware of after diligent and thorough investigation. "**Claims**" shall mean all actual and alleged claims, demands, losses, damages, agreements (whether written or oral), obligations, debts, suits, causes of action, awards, judgments, liabilities, rights to terminate or rescind, and other costs, expenses including attorneys' fees and court costs whether arising in law or equity, anticipated or unanticipated, past, present, contingent or fixed, existing, claimed to exist or which may hereafter exist which Releasor has or may have against the Company Released Parties arising out of or relating to any act, fact, matter, thing or event that occurred or existed on or before the Effective Date. "**Constituents**" means past, present and future, direct and indirect, parents, subsidiaries, affiliates, owners, shareholders, partners, members, trustees, receivers, executors, representatives, administrators and distributors, and the past, present and future officers, directors, agents, managers, principals, employees, insurers, predecessors, successors, assigns, agents, representatives and attorneys of each of the foregoing.

2. **Excluded Matters**. This Release Agreement is not intended to terminate or amend any executed written franchise, lease or other agreement heretofore executed by and between the Releasor or its Constituents and any Company Released Party or any of the following matters between the Releasor and any Company Released Party: ___________________________(collectively the "**Franchise Documents**"); and although it is intended to relieve Company and its Constituents of responsibility for its or their failure, if any, to have timely performed or completed obligations which by the terms of the Franchise Documents were to have been performed or completed prior to the Effective Date, it is not intended to release Company from its continuing contractual obligations which arise or continue under and pursuant to the Franchise Documents on and after the date of this Release Agreement ("**Excluded Matters**").

3. **Waiver of California Civil Code Section 1542.** Releasor, for itself and themselves, and on behalf of its Constituents, acknowledge that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

With respect to those claims being released pursuant to Section 1 hereunder, Releasor, for itself and themselves, and on behalf of its Constituents, acknowledge that it is releasing certain unknown claims as provided above and waives all rights it has or may have under California Civil Code Section 1542 or any other statute or common law principle of similar effect. Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release Agreement, which if known by Releasor may have materially affected its or their decision to enter into this Release Agreement. It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasor, therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. **Representations, Warranties and Covenant Not to Sue**. Releasor (and each of them) hereby represents and warrants to Company that, in entering into such release: it is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); it has read and fully understands the terms and scope of the Release Agreement that such party is entering into; it intends to be final and conclusive, as to the matters set forth in the Release Agreement entered into by the party; and it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement and will not purport to do so, and it is aware of no third party who contends or claims otherwise. Releasor shall not, directly or indirectly, assert any Claim or commence or cause to be commenced, any proceeding of any kind against any Company Released Party, based upon any matter purported to be released hereby and shall defend, indemnify and hold harmless each Company Released Party from and against the assertion by or on behalf of Releasor or its Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement and any breach of representations, warranties or covenants hereunder by Releasor or its Constituents.

5. **Miscellaneous**. This Release Agreement: (a) cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto; (b) together with the agreements referenced herein, constitute the entire understanding between and among the parties hereto with respect to the subject matter hereof; (c) may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument; (d) may be executed by facsimile, and signatures on a facsimile copy hereof shall be deemed authorized original signatures; (e) shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns; and (f) supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties hereto, and shall have no applicability in construing this Release Agreement or the terms of this Release Agreement. Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction. None of the parties is relying upon any representation, warranty, agreement or covenant not set forth herein.

6. **Governing Law**. This Release Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without reference to conflict of law principles. Any controversy or claim arising out of or relating to this Release Agreement or any alleged breach hereof, including any issues pertaining to the arbitrability of such controversy or claim and any claim that this Release Agreement or any part hereof is invalid, illegal, or otherwise voidable or void, shall be submitted to binding arbitration in the same manner and subject to the same exceptions as provided in the Franchise Documents.

IN WITNESS WHEREOF, the parties hereto have executed this Release Agreement as of the date set forth above.

COMPANY:
IHOP FRANCHISOR LLC

By: ______________________________________

Its: ______________________________________

RELEASOR:

____

FRANCHISEE:

By:____

Its: ____

MAJORITY OWNER:

____
an individual

TRADEMARK LICENSE AGREEMENT (NON-TRADITIONAL)

EXHIBIT J

TRADEMARK LICENSE AGREEMENT
(Non-Traditional)

THIS TRADEMARK LICENSE AGREEMENT (Non-Traditional)("**Agreement**") is made and entered into effective as of this ___ day of _______, 20__ (the "**Effective** Date") by and between IHOP FRANCHISOR LLC, a Delaware limited liability company ("**Licensor**"), and _________________________, a ________________________, whose principal place of business is ______________________________ ("**Licensee**").

WHEREAS, Licensor and/or its affiliates own, have developed and continue to develop distinctive trade names, service marks, trademarks, logos, emblems, Internet domain names, and indicia of origin, including the marks set forth on **Exhibit A** to this Agreement and such other trade names, service marks, trademarks, logos, emblems, Internet domain names, and indicia of origin as are now or hereafter designated by Licensor and its successors and/or affiliates for use in connection with identifying International House of Pancakes® ("**IHOP**") restaurants in the United States (collectively hereinafter the "**Marks**").

WHEREAS, Licensor has acquired, pursuant to an Intellectual Property License Agreement dated as of February 25, 2009 between IHOP Restaurants LLC ("**IHOP IP Holder**") and Licensor (the "**IP License Agreement**"), a license to use and sublicense the Marks from the owner of the Marks, IHOP IP Holder in connection with IHOP Restaurants in the United States;

WHEREAS, Section 2.4 of the IP License Agreement permits Licensor to sublicense the Marks to third parties with the prior written consent of IHOP IP; and

WHEREAS, Licensee desires to use the Marks in connection with Licensee's submittal of a proposal for an IHOP ________________ Restaurant in response to a Request for Proposal from ____________________________ for a location to be developed at ____________________ ____ (the "**Purpose**"); and

WHEREAS, Licensor, subject to the terms and conditions set forth in this Agreement, is willing to permit Licensee to use the Marks in connection with the Purpose.

NOW, THEREFORE, in consideration of the above premises, the mutual covenants set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1.
LICENSE

1.1. Scope of License. Subject to the terms and conditions set forth in this Agreement, Licensor grants to Licensee a non-exclusive, non-transferable, royalty-free license to use the Marks in connection with the Purpose. Licensee shall make no other use of the Marks.

1.2. Non-Assignment. Licensee acknowledges and agrees that the rights granted to Licensee by and obtained by Licensee as a result of or in connection with this Agreement are license rights only, and nothing contained in this Agreement constitutes or shall be construed to be an assignment of any or all of Licensor's rights in the Marks.

1.3. Ownership of the Marks. Licensee acknowledges that Licensor retains ownership of the Marks and that nothing in this Agreement gives Licensee any right, title or interest in the Marks, other than the right to use the Marks subject to the terms and conditions of this Agreement. Licensor and Licensee acknowledge that Licensor or its affiliate owns all right, title and interest in and to the Marks and all associated goodwill and that nothing herein will prohibit or restrict Licensor's use or right to license others to use the Marks in any way for any goods and services. Licensee acknowledges that all use of the Marks inures to the benefit of Licensor, and Licensor or its affiliate continues to own all trademarks and trademark rights created by such uses.

SECTION 2.
LICENSOR'S CONTROL

In order to protect and preserve Licensor's rights in the Marks, Licensee understands, acknowledges, and agrees that: (i) prior to the first date of Licensee's use of the Marks in connection with the Purpose, Licensee shall obtain Licensor's written approval of all aspects of such use; and (ii) once Licensee's use of the Marks in connection with the Purpose is initially approved by Licensor, any subsequent alteration, modification, or change in such use must be reviewed and approved by Licensor prior to implementation of such alteration, modification, or change.

SECTION 3.
USE OF THE MARKS

3.1. Format. Licensor retains the right to specify, from time to time, the format in which Licensee shall use and display the Marks, and Licensee shall only use or display the Marks in a format approved by Licensor.

3.2. Proper Notice and Acknowledgment. Every use of the Marks by Licensee shall incorporate appropriate notices (e.g. ® or ™) to designate the Marks as trademarks or service marks.

3.3. Impairment of Licensor's Rights. Licensee shall not at any time, whether during or after the term of this Agreement, do or cause to be done any act or thing challenging, contesting, impairing, invalidating, or tending to impair or invalidate any of Licensor's rights in the Marks or any registrations derived from such rights.

3.4. Licensor's Rights and Remedies. Licensee acknowledges and agrees that Licensor has, shall retain, and may exercise, both during the term of this Agreement and thereafter, all rights and remedies available to Licensor, whether derived from this Agreement, from statute, or otherwise, as a result of or in connection with Licensee's breach of this Agreement, misuse of the Marks, or any other use of the Marks by Licensee which is not expressly permitted by this Agreement.

3.5. Infringement. Licensee shall promptly notify Licensor in writing when it becomes aware of any infringements or imitations of the Marks by any third party. Licensor shall have the right to take any action, or not to take action, against any third party that may be infringing the Marks. Licensee shall cooperate with Licensor, at Licensor's expense, in the prosecution and defense of the Marks, the filing and prosecution of any trademark applications, the recordation of any agreements, the publication of any notices, or the doing of any other act or thing in respect to the Marks that, in Licensor's reasonable judgment, may be necessary or desirable to protect Licensor's rights in the Marks.

SECTION 4.
TERM AND TERMINATION

4.1. Term. The term of this Agreement shall be for the later of (i) three months from the Effective Date or (ii) the date in which the issuer of the Request for Proposal has selected a winning bidder for the proposed IHOP __________ Restaurant; provided, however, that either party may terminate this Agreement, with or without cause, by delivering written notice of termination to the other party, and, unless a later date is specified in such notice, termination shall be effective 30 days after the date such notice is given.

4.2. Termination for Cause. Notwithstanding the provisions of Section 4.1 of this Agreement, this Agreement and all rights granted hereby, including but not limited to Licensee's right to use the Marks, shall automatically terminate without notice from Licensor if: (i) Licensee attempts to assign, sub-license, transfer or otherwise convey, without first obtaining Licensor's written consent, any of the rights granted to Licensee by or in connection with this Agreement; (ii) Licensee fails to obtain Licensor's approval of Licensee's use of the Marks in accordance with Section 2 of this Agreement; (iii) Licensee uses the Marks in a manner in violation of, or otherwise inconsistent with, the restrictions imposed by or in connection with Section 3 of this Agreement; or (iv) Licensee uses the Marks in a manner not expressly permitted by this Agreement.

4.3. Effect of Termination. All rights granted by this Agreement, including, without limitation, Licensee's right to use the Marks, shall expire upon termination of this Agreement, and upon termination Licensee shall immediately cease and desist from all further use of the Marks.

SECTION 5.
MISCELLANEOUS

5.1. Assignment. Licensee shall not assign, sublicense, transfer, or otherwise convey Licensee's rights or obligations under this Agreement without Licensor's prior written consent. Licensee shall indemnify and hold harmless Licensor against all liability, costs, and expenses, including but not limited to a reasonable attorneys' fee, arising out of or in connection with claims relating to an attempted assignment, sublicense, transfer, or other conveyance of Licensee's rights and obligations.

5.2. Governing Law and Consent. This Agreement shall be interpreted, construed, and enforced pursuant to, and in accordance with, the laws of the State of California. The parties agree to submit all disputes arising under or relating to this Agreement to the exclusive jurisdiction of courts located in Los Angeles County, California.

5.3. Entire Agreement. This Agreement supersedes all previous agreements, understandings, and arrangements between the parties, whether oral or written, and constitutes the entire agreement between the parties.

5.4. Amendments. This Agreement may not be modified, amended, altered, or supplemented except by an agreement in writing executed by the parties hereto.

5.5. Waivers. The waiver by either party of a breach or other violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision of this Agreement.

5.6. Notice. Unless otherwise provided herein, any notice, demand, or communication required, permitted, or desired to be given hereunder shall be in writing and shall be delivered by hand, by telex or telecopy, by facsimile, or by registered or prepaid certified mail through the United States postal service, return receipt requested, addressed as follows:

To Licensor:	IHOP Franchisor LLC 450 North Brand Blvd., 7th Floor Glendale, California 91203 Attention: General Counsel Fax: 818-637-5361
To Licensee:	____________________________ ____________________________ ____________________________ ____________________________ Attention: ___________________

or to such other address, and to the attention of such other persons or officers as either party may designate by written notice. Any notice so addressed and mailed shall be deemed duly given three days after deposit in the United States mail, and if delivered by hand, shall be deemed given when delivered, and if telecopied, telexed, or sent by facsimile, shall be deemed given on the first business day immediately following transmittal.

5.7. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same Agreement.

5.8. Articles and Other Headings. The articles and other headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of the terms of this Agreement.

5.9. Relationship of the Parties. This Agreement shall not be construed to place the parties in the relationship of legal representatives, partners, joint venturers or agents of or with each other. No party shall have any power to obligate or bind the other party in any manner whatsoever, except as specifically provided herein.

5.10. Severability. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.

5.11. Specific Performance. The parties hereto agree that the remedy at law for any breach of this Agreement may be inadequate, and that any party hereto shall be entitled to specific performance in addition to any other appropriate relief or remedy.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

IHOP FRANCHISOR LLC	______________________________
a Delaware limited liability company	______________________________
By: ______________________________	By: ______________________________
Name: ___________________________	Name: ____________________________
Title: ___________________________	Title: ____________________________

CONSENT OF IHOP IP HOLDER

IHOP Restaurants LLC, a Delaware limited liability company, owner of the Marks as referenced above, hereby consents to the foregoing Trademark License Agreement (Non-Traditional) by and between IHOP FRANCHISOR LLC and __________________ dated ____ ___, 20__.

IHOP Restaurants LLC,
A Delaware limited liability company

By: _______________________________

Its:_________________________________

EXHIBIT A
MARKS

STATE ADDENDA

EXHIBIT K

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of California:

Item 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the Franchisee Agreement contains provision that is inconsistent with the law, the law will control.

2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

3. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043.

5. Neither the franchisor nor any person or franchise broker disclosed in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

6. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF CORPORATIONS BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

1. The following paragraph shall be added to the state cover page:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAIL FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The agent for receipt of service of process for the Franchisor, IHOP Property Leasing, LLC, IHOP Properties, LLC, and IHOP Real Estate, LLC, is the Hawaii Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, 335 Merchant Street, Room 205, Honolulu, Hawaii 96813.

2. Each provision of this Addendum to the Disclosure Document is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E-l, et set., are met independently without reference to this Addendum to the Disclosure Document, and only to the extent such provision is a then valid requirement of the statute.

ADDENDUM TO DISCLOSURE DOCUMENT
PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

Notwithstanding anything to the contrary set forth in the Franchise Disclosure Document, the following provisions will supersede and apply to all franchises offered and sold in the State of Illinois:

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. Notice Required by Law:

THE TERMS AND CONDITIONS UNDER WHICH YOUR FRANCHISE CAN BE TERMINATED AND YOUR RIGHTS UPON NON-RENEWAL MAY BE AFFECTED BY ILLINOIS LAW, 815 ILCS 705/19 AND 705/20.

2. The provisions of the Franchise Agreement and all other agreements concerning governing law, jurisdiction, venue, choice of law and waiver of jury trials will not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois franchisees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.

3. Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void."

4. Item 17t is amended to include the following:

"This section does not exclude representations made in this Franchise Disclosure Document."

5. Item 17v and 17w are amended by deleting the current language under the Summary column and adding the following in its place and stead:

"Illinois law applies."

ADDENDUM TO THE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

The following shall be inserted in Item 17:

Any general release executed by Franchisee in connection with renewal and/or assignment/transfer shall not apply to liabilities under the Maryland Franchise Registration and Disclosure Law ("Maryland Franchise Law").

No representations contained in the IHOP Non-Traditional Master License Agreement executed by Franchisee are intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.

The provision in the IHOP Non-Traditional Master License Agreement which provides for termination upon bankruptcy of the franchisee (Paragraph 12.02(f)) may not be enforceable under federal bankruptcy law (4 U.S.C. Section 101 et seq.).

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF MARYLAND

This Addendum is agreed to this _____ day of _________________20__ between IHOP FRANCHISOR LLC and ________________________ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into between the parties concurrently herewith as follows:

> "Any general release required as a condition of renewal and/or assignment/transfer shall not apply to liabilities under the Maryland Franchise Law.
>
> No representations contained in this IHOP Non- Traditional Master License Agreement are intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: ____________________________
Its: ____________________________

LICENSEE:
____
(Name of Licensee)

By: ____________________________
Its: ____________________________

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(b) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(c) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(d) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE AT THE TIME OF EXPIRATION OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(e) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(f) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE.

(g) A PROVISION WHICH PERMITS A FRANCHISOR TO REFUSE TO PERMIT A TRANSFER OF OWNERSHIP OF A FRANCHISE, EXCEPT FOR GOOD CAUSE. THIS SUBDIVISION DOES NOT PREVENT A FRANCHISOR FROM EXERCISING A RIGHT OF FIRST REFUSAL TO PURCHASE THE FRANCHISE. GOOD CAUSE SHALL INCLUDE, BUT IS NOT LIMITED TO:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(h) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (c).

(i) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

* * * *

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATIORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE DEPARTMENT OF ATIORNEY GENERAL AT THE FOLLOWING ADDRESS:

525 West Ottawa Street
G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913
(517) 335-7567

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. Cover Page, Risk Factors 1 and 2 are amended with the addition of the following language:

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs:

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota law provides franchisees with certain termination rights. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C. 14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days' written notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

3. Minnesota law considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subdivision (g). Franchisor will protect the Franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the disclosure document.

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF MINNESOTA

This Addendum is agreed to this _____ day of ___________________, 20___, between IHOP FRANCHISOR LLC and ________________________ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into between the parties concurrently herewith as follows:

1. Article 10 shall be amended by adding the following:

"Notwithstanding anything to the contrary herein,

(a) If any law or regulation by any competent authority with jurisdiction over this Agreement shall limit Franchisor's rights of termination or require a longer or different notice than that specified in this Article XII , same shall be deemed amended to conform with the minimum requirements of such law or regulation.

(b) Minnesota law provides licensees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, Subdivision 3, 4 and 5 require, except in certain specified cases, that a Licensee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement; and that consent to the transfer of the franchise or license will not be unreasonably withheld .

(c) Nothing in this section shall in any way abrogate or reduce any rights of the Licensee as provided for in Minnesota Statutes, Chapter 80C, or licensees rights to any procedure, forum or remedies provided for by the laws of Minnesota."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: ______________________________
Its: ______________________________

LICENSEE:
____
(Name of Licensee)

By: ______________________________
Its: ______________________________

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF NEW YORK

This Addendum is agreed to this _____ day of ___________________, 20__ between IHOP FRANCHISOR LLC and _________________ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into between the parties concurrently herewith as follows:

1. The following sentence shall be inserted at the end of Paragraph 10.01 of the IHOP Non-Traditional Master License Agreement:

> "Nevertheless, where the New York Franchise Sales Act speaks to the issue, then that law shall apply."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: ______________________________
Its: ______________________________

LICENSEE:
____
(Name of Licensee)

By: ______________________________
Its: ______________________________

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

This Addendum is entered into this ____ day of ________________, 20___, between IHOP FRANCHISOR LLC and __________________________ to amend the IHOP Non-Traditional Master License Agreement ("License Agreement") which was entered into between the parties concurrently herewith as follows:

1. The last sentence of Article 10, Paragraph 10.2(b) of the License Agreement shall be deleted and the following shall be inserted in its place and stead:

> "The situs of arbitration proceedings shall be in North Dakota in that city nearest the Franchised Location which has an American Arbitration Association office or an office that handles proceedings that follow rules and procedures promulgated by the American Arbitration Association or a similar association, and facilities for arbitration."

2. The following sentence shall be inserted at the end of Article 10, Paragraph 10.4(a) of the License Agreement:

> "Notwithstanding the provisions contained herein, to the extent that any provisions are not in accordance with the North Dakota Century Code, such provisions shall be subject to any applicable North Dakota law to the contrary."

3. The following sentence shall be inserted at the end of Article 10, Paragraph 10.1 of the License Agreement:

> "Notwithstanding the provisions of Paragraph 10.1 of the License Agreement, the provisions of the North Dakota Century Code will control to the extent any provision of the License Agreement and/or California law are inconsistent with the Code."

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all its terms, and agrees that it shall be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: ______________________________
Its: ______________________________

LICENSEE:

____
(Name of Licensee)

By: ______________________________
Its: ______________________________

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR THE STATE OF RHODE ISLAND

This Addendum is agreed to this ____ day of __________________ 20 ____ between IHOP FRANCHISOR LLC and __________________________ to amend and revise the IHOP Non-Traditional Master License Agreement which was entered into concurrently between the parties herewith as follows:

> "A provision in an IHOP Non-Traditional Master License Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

IN WITNESS WHEREOF, each of the parties acknowledges having read and understood consents to be bound by all its terms, and be effective as of the date hereof.

IHOP:
IHOP FRANCHISOR LLC

By: ____________________________
Its: ____________________________

LICENSEE:
____
(Name of Licensee)

By: ____________________________
Its: ____________________________

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE COMMONWEALTH OF VIRGINIA

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Development Agreement and/or License Agreement do not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the License Agreement involves the use of undue influence by the franchisor to induce a franchise to surrender any rights given to him under the franchise, that provision may not be enforceable.

ADDENDUM TO IHOP NON-TRADITIONAL MASTER LICENSE AGREEMENT
FOR STATE OF WASHINGTON

THIS ADDENDUM is entered into on this ____ day of _______________, 20__ by and between IHOP FRANCHISOR LLC (hereinafter referred to as "IHOP") and ______________ (hereinafter referred to as "Licensee"), with reference to the following facts:

A. Concurrently herewith, IHOP and Licensee have entered into a Non-Traditional Master License Agreement and/or Non-Traditional Restaurant Addendum (hereinafter referred to as the "License Agreement") in respect of the IHOP, IHOP Express, IHOP U, IHOP 'N GO, and/or International House of Pancakes restaurant located at ___________________________.

B. Pursuant to the laws of the State of Washington, and specifically under RCW 19.I00.180(2)(i) and U) of the Franchise Investment Protection Act (hereinafter referred to as the "Act"), a Franchisor is required to fully disclose a franchisee's rights with respect to termination and renewal in the body of the License Agreement.

WHEREFORE, IT IS AGREED:

The License Agreement is hereby amended to fully disclose the rights of a licensee in the State of Washington with respect to termination and renewal of the license as follows:

1. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

2. In the event of conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

3. A release or waiver of rights executed by a licensee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

4. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

[CONTINUED ON NEXT PAGE]

5. All other terms of the License Agreement shall remain the same and in full force and effect.

IHOP:
IHOP FRANCHISOR LLC

By: ______________________________
Its: ______________________________

LICENSEE:
____
(Name of Licensee)

By: ______________________________
Its: ______________________________

ADDENDUM TO LEASE

EXHIBIT L

ADDENDUM TO LEASE

THIS ADDENDUM TO LEASE (the "Addendum") forms a part of that certain Lease dated ____________, 20__, by and between ________________________________, as Lessor, and ____, as Lessee, demising those certain premises located at __________________________________.

R E C I T A L S:

WHEREAS, Lessor and Lessee acknowledge that the anticipated use of the Demised Premises is the conduct of an International House of Pancakes or IHOP Restaurant thereon, pursuant to the terms of a certain Franchise Agreement (the "Franchise Agreement") to be entered into between IHOP Franchisor LLC, a Delaware limited liability company, or its affiliates, successors or assigns ("IHOP"), as Franchisor, and Lessee, as Franchisee, and that by reason of such use certain benefits will inure to Lessor and Lessee; and

WHEREAS, Lessor and Lessee further acknowledge that in the event the Lease or Franchise Agreement, or both, are terminated by reason of the default of Lessee and the business of an International House of Pancakes or IHOP Restaurant upon the Demised Premises ceases or is otherwise interrupted, certain damages to IHOP (or its Affiliates) and/or its servicemarks will result; therefore, IHOP has required, as a condition to the Franchise Agreement, that Lessor and Lessee enter into this Addendum for the purpose of granting certain succession rights to IHOP in the event of a default by Lessee under the Lease or in the event of a termination of the Franchise Agreement, or both, so that the business of an International House of Pancakes or IHOP Restaurant, at IHOP's election, may continue to be conducted upon the Demised Premises, as hereinafter provided.

NOW, THEREFORE, in consideration of the above premises and as an inducement to IHOP to enter into the Franchise Agreement with Lessee, the parties hereto hereby agree as follows:

Notwithstanding anything contained in the Lease to the contrary:

A. In the event Lessor shall declare a default under the Lease due to Lessee's failure to perform any obligation of Lessee under the terms of the Lease, and in the event Lessee shall fail to cure such default within the period provided in the Lease or at law for such cure, before Lessor shall take any action to terminate the Lease or Lessee's right to possession of the Demised Premises, Lessor shall give written notice to IHOP Franchisor LLC at 10 W. Walnut St., 5th Floor, Attn: Legal Dept., Pasadena, California 91103, of its intention to so terminate the Lease or Lessee's right to possession of the Demised Premises, whereupon IHOP shall have a period of 10 days after its receipt of said notice to notify Lessor in writing that IHOP has elected to cure such default and to succeed to Lessee's rights under the Lease. IHOP's right to so succeed to Lessee's interest under the Lease shall be conditioned upon IHOP tendering to Lessor an amount sufficient to cure any monetary defaults of Lessee then existing under the Lease, within 10 days after the date of IHOP's giving of such notice, and curing any nonmonetary defaults within a reasonable period of time after IHOP shall obtain possession of the Demised Premises. Notwithstanding the foregoing, in the event Lessee has obtained a leasehold mortgage, so long as Lessee's Mortgagee has any cure rights with regards to the Lease, IHOP's notice and cure period described in this Addendum shall not commence until the expiration of the rights of Lessee's Mortgagee under the Lease.

B. If for any reason the Lease is terminated before IHOP shall have the right to exercise its election to succeed to Lessee's interest under the Lease, as contemplated above, Lessor shall promptly notify IHOP in writing of such termination, and, provided IHOP notifies Lessor in writing of its desire to obtain possession of the Demised Premises within 10 days after the date that IHOP shall receive written notice from Lessor that said Lease has been terminated, then Lessor shall enter into a new lease with IHOP for the remainder of the term and any option terms that would have been available under the Lease, but for such termination, within 10 days after the date that IHOP shall give such notice, provided IHOP pays Lessor an amount sufficient to cure any monetary defaults of Lessee then existing under the Lease and within a reasonable period of time after IHOP obtains possession of the Demised Premises, cures any nonmonetary defaults under the Lease.

C. In the event of the termination of the Franchise Agreement as a result of Lessee's breach thereof, IHOP shall also have the right to succeed to the interest of Lessee under the Lease by giving written notice to Lessor of its election to so succeed to Lessee's interest under the Lease, within 10 days after the date of the termination of the Franchise Agreement.

D. In the event IHOP elects to succeed to Lessee's interest under the Lease pursuant to paragraphs A, B or C above, IHOP shall attorn to Lessor and shall assume all of the obligations thereafter to be performed by Lessee under the Lease, including all amendments, addenda and supplements thereto.

E. In the event IHOP elects to succeed to Lessee's interest under the Lease pursuant to paragraphs A, B or C above, IHOP shall have the unqualified right to sublease the Demised Premises to a franchisee or prospective franchisee of IHOP meeting IHOP's minimum standard qualifications, without the written consent of Lessor, and in so doing IHOP shall have no obligation to pay to Lessor any consideration or portion thereof derived by IHOP in connection therewith.

F. Upon default by Lessee of the terms of its Franchise Agreement with IHOP, and where such default extends beyond all applicable cure periods in the Franchise Agreement, Lessor hereby grants IHOP, or its assignee, the right to enter the Premises to make any modifications necessary to protect the proprietary trademarks, trade dress and other intellectual property owned by IHOP and relating to the operation of an IHOP or International House of Pancakes Restaurant, without being deemed guilty of trespass or any other tort, to make such modifications reasonably necessary at the reasonable expense of Lessee, which expense Lessee shall pay to IHOP pursuant to the Franchise Agreement.

G. Upon the expiration or earlier termination of the Lease for any reason, Lessee shall, upon written demand of IHOP, remove all IHOP trademarks and elements of trade dress from all buildings, signs, fixtures and furnishings, and make reasonable alterations to and paint those portions of buildings and other improvements maintained pursuant to the Lease a neutral color to the extent necessary to protect the trade dress of the IHOP system. In addition to and without limiting the generality of the foregoing, Lessee shall make any other changes which IHOP requests in order to protect the proprietary trademarks and trade dress of the IHOP system.

H. If Lessee shall fail to make or cause to be made any such removal, alteration or repainting within 30 days after written notice, Lessor shall use commercially reasonable efforts to give IHOP written notice of such failure. IHOP shall have the right to enter upon the Premises, upon at least 48 hours advance notice to Lessor, without being deemed guilty of trespass or any other tort, and make or cause to be made such removal, alterations and repainting at the reasonable expense of Lessee, for the purposes described in G. above, which expense Lessee shall pay to IHOP pursuant to the Franchise Agreement.

INITIALS: Lessor:_______________ Lessee:_________________

RECEIPT
TO BE RETURNED

This Disclosure Document summarizes certain provisions of the IHOP Non-Traditional Multi-Unit Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If IHOP offers you a franchise, IHOP must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, IHOP or an affiliate in connection with the proposed franchise sale or grant.

Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Iowa requires that we give you this Disclosure Document at the earliest of the first personal meeting or 14 calendar days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If IHOP does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit G.

The franchisor is IHOP Franchisor LLC, located at 10 W. Walnut St., Pasadena CA 91103. Its telephone number is (818) 240-6055.

The name, principal business address and telephone number of the franchise seller(s) offering this franchise is as follows:

☐	Jim Darby	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Jacob Barden	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Nicole Durham-Mallory	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Tony Moralejo	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	William Urrego	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Gary Moore	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Charles Scaccia	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Dave Gleason	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Jean Cornett Hervey	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Brett Kelly	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Manny Packing	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Valerie Thodde	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	Ryan Vargas	10 W. Walnut St., Pasadena CA 91103 (818) 240-6055
☐	______________________________	

(Please check the name(s) and complete as applicable)

Issuance Date: March 27, 2023. *See* state cover page for effective dates in registration states.

This Disclosure Document is for use in all states.

The name and address of the persons and/or entities listed on Exhibit H, are authorized to receive service of process for IHOP.

I received a disclosure document dated March 27, 2023, that included the following Exhibits:

Exhibit A	List of Franchisees
Exhibit A-1	List of Company-Owned Outlets
Exhibit A-2	List of Franchisees Who Have Ceased to do Business
Exhibit B	IHOP Non-Traditional Multi-Unit Franchise Agreement
Exhibit C	Guarantee of Obligations (IHOP Non-Traditional Multi-Unit Franchise Agreement)
Exhibit D	Financial Statements
Exhibit E	Guarantees of Obligations (Non-Traditional Restaurant Franchise Addendum)
Exhibit F	Table of Contents of Operations Manuals (Full-Service)
Exhibit F-1	Table of Contents of Operations Manuals (IHOP Express)
Exhibit G	List of State Administrators
Exhibit H	List of Agents for Service of Process
Exhibit I	General Release (Non-Traditional)
Exhibit J	Trademark License Agreement (Non-Traditional)
Exhibit K	State Addenda
Exhibit L	Addendum to Lease

Date: ___________________________

Prospective Franchisee:

By: ____

Name: ____

Individually and on behalf of any and all entities in the following franchise group:

Franchise Group: __________________________________

(SIGN AND RETURN)

RECEIPT
TO BE RETAINED

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Date: ___________________________

Prospective Franchisee:

By: ____

Name: ____

Individually and on behalf of any and all entities in the following franchise group:

Franchise Group: __________________________________

(RETAIN FOR YOUR RECORDS)