

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		\$782,498	\$4,041,265
Dual Brand Restaurant Concept		\$1,744,498	\$5,196,265
IHOP Limited-Service Program	Fast-Casual Restaurant	\$557,848	\$1,716,090
	Quick-Serve Restaurant	\$434,598	\$1,084,665

This includes Initial Fees of \$33,750 to \$138,500 per Full-Service Restaurant and \$23,750 to \$81,000 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

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 December 29, 2024, there were a total of 116 Fuzzy’s Taco Shop brand franchised restaurants in the U.S., and 1 company-owned Fuzzy’s Taco Shop brand restaurant that was operated by FTO or other affiliates.

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

In addition to franchising IHOP Restaurants at Traditional Venues and Non-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 develop and test 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” or other names, which may include “IHOP.” ~~IHOP is also developing and testing a new co-branded concept for restaurants in Traditional Venues and Non-Traditional Venues that operate under both the IHOP and Applebee’s names (“Dual Brand Restaurants”, and as used in this Disclosure Document, also a Restaurant or IHOP Restaurant). Dual Brand Restaurants feature full table service and offer a different, combined menu of certain IHOP and Applebee’s menu items as well as certain items that are uniquely available at Dual Brand Restaurants. Dual Brand Restaurants will also face competition from other national and local restaurants that provide similar food, beverages and services as Applebee’s restaurants. At this time, this concept is only being tested with franchisees on a limited basis for restaurants that meet certain qualifications. Franchisees will be required to sign both an IHOP Franchise Agreement and an Applebee’s Franchise Agreement along with separate addendums to those respective Franchise Agreements.~~ Besides Full-Service Restaurants (defined below) franchised 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

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. ~~If you enter into a Franchise Agreement for a Dual Brand Restaurant, you must pay an Initial Franchise Fee of \$35,000.~~ 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 2024, 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, unless a franchisee qualified for the Development Incentive Program; except that one franchisee with multiple obligations paid a franchise fee 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 extent 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 \$65,000 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. –From time to time, we may agree to provide alternative training arrangements for certain qualifying franchisees, ~~including for Dual Brand Restaurants. In the coming fiscal year, IHOP may introduce a training program for Dual Brand Restaurants that combines elements from both IHOP and Applebee’s training programs and may reduce certain overlapping sections.~~ See Items 6, 7 and 11 for further information.

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 \$9,000 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 \$38,000, 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 Certified Leader is replaced, requiring the new Certified Leader to complete Initial Opening 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 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.

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”). ~~Dual Brand Restaurants must maintain insurance that is also compliant with the minimum amounts and conditions required by Applebee’s.~~ 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 \$320 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 \$1,280 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

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (1)	Full-Service Restaurant Amount		Limited Service Restaurant: Fast-Casual Restaurant Amount		Limited Service Restaurant: Quick-Serve Restaurant Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High	Low	High	Low	High			
Initial Franchise Fee (2)	\$25,000	\$25,000	\$15,000	\$15,000	\$15,000	\$15,000	Certified or cashier's check or wire transfer	On signing of the NT FA.	IHOP
Real Estate (3)	See Note 3	See Note 3	See Note 3	See Note 3	See Note 3	See Note 3	As arranged	As arranged.	Third Parties
Construction (4)(5)	\$350,000 (or \$900,000 if a Dual Brand Restaurant)	\$2,600,000 (or \$3,500,000 if a Dual Brand Restaurant)	\$240,000	\$768,000	\$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 (5)	\$150,000 (or \$527,000 if a Dual Brand Restaurant)	\$525,000 (or \$740,000 if a Dual Brand Restaurant)	\$180,000	\$409,500	\$140,000	\$280,800	As required by suppliers	Per purchase agreements.	Suppliers
Smallware Package/Opening Order	\$15,000	\$38,000	\$5,000	\$20,000	\$5,000	\$15,000	As required by suppliers	Per terms of purchase agreements.	Suppliers, IHOP or an IHOP Affiliate (if available)
Signage (5)	\$25,000 (or \$60,000 if a Dual Brand Restaurant)	\$100,000 (or \$100,000 if a Dual Brand Restaurant)	\$15,000	\$35,000	\$15,000	\$35,000	As required by suppliers	Per purchase agreement(s).	Suppliers
Inventory	\$50,000	\$100,000	\$3,000	\$49,950	\$3,000	\$49,950	As required by suppliers	Per purchase agreement(s).	Suppliers
Working Capital	\$50,000	\$200,000	\$5,000	\$88,500	\$5,000	\$88,500			You retain

Type of Expenditure (1)	Full-Service Restaurant Amount		Limited Service Restaurant: Fast-Casual Restaurant Amount		Limited Service Restaurant: Quick-Serve Restaurant Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High	Low	High	Low	High			
Insurance (65)	\$35,000	\$100,000	\$25,000	\$50,000	\$15,000	\$40,000	As required by suppliers	As required by suppliers.	Suppliers
Site Approval Costs (74)	\$0	\$50,000	\$0	\$30,000	\$0	\$10,000	As required by suppliers	As required by suppliers.	Suppliers
Opening Training Support Fee (82)	\$0	\$65,000	\$0	\$27,500	\$0	\$7,000	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS Setup, Training and Support Fee (98)	\$3,500	\$9,000	\$3,500	\$9,000	\$3,500	\$9,000	Certified or cashier's check or wire transfer	Upon invoice.	IHOP or POS vendor
Tray POS Software Fees (109)	\$1,100 per year	\$3,800 per year	\$1,100 per year	\$3,800 per year	\$1,100 per year	\$3,800 per year	As required by suppliers	45 days after receiving invoice.	Suppliers
Europay, Mastercard, and Visa ("EMV") Point to Point Encryption ("P2P") Services (1410)	\$1,300 per year	\$4,500 per year	\$1,300 per year	\$4,500 per year	\$1,300 per year	\$4,500 per year	As required by suppliers	Upon your request for service.	Suppliers
Wi-Fi Services (1411)	\$90 per month	\$450 per month	\$90 per month	\$450 per month	\$90 per month	\$450 per month	As required by suppliers	Upon your request for service.	Suppliers
Kitchen Display System (1412)	\$15,000	\$30,000	\$15,000	\$30,000	\$15,000	\$30,000	As required by suppliers	Upon set up.	Suppliers
Server Tablets with Payment Device (1413)	\$7,500	\$30,000	\$7,500	\$30,000	\$7,500	\$30,000	As required by suppliers	Upon purchase.	Suppliers
On-Line Ordering (1414)	\$65 per month	\$200 per month	\$65 per month	\$200 per month	\$65 per month	\$200 per month	As required by suppliers	Upon demand.	Suppliers
Mobile Device Management ("MDM") Fee (1415)	\$24 per year	\$960 per year	\$24 per year	\$960 per year	\$24 per year	\$960 per year	As required by suppliers	Upon invoice.	IHOP
Digital Products Service Fee (1716)	\$0 per month	\$350 per month	\$0 per month	\$350 per month	\$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 (1817)	\$500	\$2,000	\$500	\$2,000	\$500	\$2,000	Certified or cashier's check or wire transfer	Upon invoice.	IHOP
POS System Hardware (1918)	\$20,000	\$60,000	\$20,000	\$60,000	\$20,000	\$60,000	As required by suppliers	Upon demand.	Suppliers
Wait Listing (2019)	\$23 per month	\$75 per month	\$23 per month	\$75 per month	\$23 per month	\$75 per month	As required by suppliers	Upon demand.	Suppliers

Type of Expenditure (1)	Full-Service Restaurant Amount		Limited Service Restaurant: Fast-Casual Restaurant Amount		Limited Service Restaurant: Quick-Serve Restaurant Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High	Low	High	Low	High			
Customer Relationship Management (“CRM”) Fee (2420)	\$0 per month	\$150 per month	\$0 per month	\$150 per month	\$0 per month	\$150 per month	As required by IHOP	Upon demand.	IHOP
Catering (2221)	\$0 per month	\$60 per month	\$0 per month	\$60 per month	\$15 per month	\$60 per month	As required by suppliers	Upon demand.	Suppliers
Ordering Kiosks (2322)	\$0	\$6,700	\$0	\$6,700	\$0	\$6,700	As required by suppliers	Upon demand.	Suppliers
Initial Additional Training Expenses	\$4,000 per person	\$7,000 per person	\$4,000 per person	\$7,000 per person	\$4,000 per person	\$7,000 per person	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 (2423)	\$6,700	\$6,700	\$4,800	\$6,700	\$4,800	\$6,700	As required by suppliers	Per agreement(s) with suppliers.	Suppliers
Supply Chain Co-op Stock Purchase (2324)	\$0	\$100	\$0	\$100	\$0	\$100	Check or money order	On signing the membership subscription agreement.	Pancake Supply Chain Co-Op, Inc.
TRAY POS Training (2625)	\$600	\$1,800	\$600	\$1,800	\$600	\$1,800	Optional or as required for franchisee IT admin (per person)	Optional TRAY training at the IT admin level for the POS support outside of the FTS team	IHOP
Terminal Device Antivirus (2726)	\$240	\$600	\$240	\$600	\$240	\$600	Antivirus/malware protection per device	All POS devices that are tied to a payment peripheral may require antivirus/malware protections	IHOP
Additional Funds – 3 months (2827)	\$16,500	\$85,250	\$8,250	\$42,625	\$5,500	\$28,400	Checks	Payroll, utilities, attorneys, and accountants.	Employees, suppliers

Type of Expenditure (1)	Full-Service Restaurant Amount		Limited Service Restaurant: Fast-Casual Restaurant Amount		Limited Service Restaurant: Quick-Serve Restaurant Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High	Low	High	Low	High			
Miscellaneous (29)(28)	\$5,000	\$26,000	\$2,500	\$13,000	\$2,000	\$9,000	As required by suppliers	Per agreement(s) with suppliers. As required by governmental agencies, etc.	Suppliers and governmental agencies deposits
TOTAL (30)(29)	\$782,498 (or \$1,744,498 if a Dual Brand Restaurant)	\$4,041,265 (or \$5,196,265 if a Dual Brand Restaurant)	\$557,848	\$1,716,090	\$434,598	\$1,084,665			

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) We do not provide an estimate for the cost to acquire real estate on which to construct a new Restaurant or to acquire an existing building to convert. There are significant cost variations for real estate and existing buildings among geographic areas, different sites, and various options for what you may purchase or lease. The typical Full-Service Restaurant is approximately 2,000 to 5,000 square feet on a lot of approximately 30,000 to 50,000 square feet. The typical Fast-Casual Restaurant is approximately 1,200 to 3,500 square feet. They typical Quick-Serve Restaurant is approximately 800 to 1,200 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.
- (4) Construction costs include the costs of construction, remodeling, leasehold improvements, and professional services such as architecture, engineering, and legal. Site work costs can vary significantly depending on location, size of the Restaurant, condition of the land, soil and environmental conditions, and other economic factors, including labor rates, union/nonunion labor regions, building and health codes, local regulations, and other factors. As noted in Note (3), these costs do not include real estate costs.
- ~~(5) These costs for a Dual Brand Restaurant vary significantly depending on whether the Restaurant converts an existing IHOP or Applebee's restaurant or involves the ground up construction of a new restaurant. This cost is the combined total cost for an IHOP and Applebee's.~~
- ~~(6)(5) 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 but are not limited to the replacement cost of the building/business personal property, 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. These~~

~~costs will also vary if you open a Dual Brand Restaurant as the Restaurant will also need to comply with the Applebee's insurance requirements.~~

- (76) 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.
- (87) 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.
- (98) 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 \$9,000 plus airfare. Beginning with your fourth Restaurant, you may opt for remote support at the fee of \$3,500.
- (109) 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.
- (110) 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.
- (121) 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.
- (1312) You must have a kitchen display system ("KDS") to monitor and organize orders received at your Restaurant.
- (1413) 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.
- (1514) 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 Olo, Inc. and a payment gateway related to on-line ordering. *See* Item 8 for further details.
- (1615) This fee is required for all hardware in the restaurant. Fees are charged per terminal and range from \$24 to \$960 per year. *See* Item 11 for further details.
- (1716) Digital products may include guest payment and ordering from their own device, and other digital products that 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.
- (1817) These fees relate to deployment and support for hardware and software upgrades, as well as other products.
- (18) 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 \$60,000 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.
- (2019) 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.
- (2120) 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.

- (~~22~~21) Catering is currently optional but may be required in the future. The current approved supplier for catering is Olo, Inc.; however, we may, from time to time, evaluate and approve other vendors as an approved supplier.
- (~~23~~22) We may require you to purchase at least 2 independent ordering kiosks from one or more approved suppliers.
- (~~24~~23) We currently use Livit Design Service, but reserve the right to use another service supplier in the future.
- (~~25~~24) Membership in the cooperative is voluntary. If you choose to join, this fee must be paid. See Item 8 for details.
- (~~26~~25) All POS devices that are tied to a payment peripheral may require antivirus/malware protections.
- (~~27~~26) Optional TRAY Admin training as required for franchisee IT admin.
- (~~28~~27) See "GENERAL NOTES" below.
- (~~29~~28) The amount includes such items as promotional programs, tax deposits, license fees, utility deposits, and other costs as may be applicable to each location.
- (~~30~~29) The above figures cover the cost to build one 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. In preparing these estimated amounts, we relied on a combination of our and our affiliates' experience in the industry, and with respect to certain cost estimates, we relied on estimates from suppliers, from proposed bids from potential suppliers, and from franchisee submissions made in connection with their site application packages. The amounts shown are estimates only and may vary for many reasons. To the extent that the assumptions described in the notes are not applicable to your situation, and/or to the extent there are differences at your location or in the market for your location that differ from the experience, facts, or data that led to these estimates, YOUR COSTS AND EXPENSES MAY BE HIGHER. You should consult with your architects, engineers, general contractors, consultants, attorneys and/or accountants who may be able to provide more specific figures for your site before making any decision to enter into a development or franchise agreement.

<u>Subject</u>	<u>Hours of Classroom Training</u>	<u>Hours of on the Job Simulation Training or Self Study</u>	<u>Location</u>
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
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 IHOP 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 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, ~~including for Dual Brand Restaurants. In the coming fiscal year, IHOP may introduce a dedicated initial opening training program for Dual Brand Restaurants the combines elements from both the IHOP and Applebee's initial opening training and removes certain overlapping training sections.~~ Training costs and hours may vary as additional refinements are made.

CHART 1: Historical Gross Sales of Non-Traditional Franchised Restaurants by Region

Chart 1 contains historic average, median, high and low gross sales for two 12-month periods of January 2, 2023 to December 31, 2023 and January 1, 2024 to December 29, 2024. We included all franchised non-traditional IHOP Restaurants that were active and operating as of December 29, 2024, including 7 restaurants opened in 2024; except we excluded all Traditional IHOP restaurants (which are offered under a separate franchise disclosure document), ~~and all Dual Brand Restaurants (there were no Dual Brand Restaurants during these periods).~~ The restaurants are organized by geographic “Regions” as defined by the U.S. Census Bureau.

Region	# of Restaurants		Annualized Average Gross Sales		# and % of units that exceeded Average Gross Sales		Median		High		Low	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Northeast	4	4	\$1,251,976	\$1,207,333	2 / 50%	1/25%	\$1,260,939	\$1,138,957	\$1,466,810	\$1,434,875	\$1,019,217	\$1,116,542
West	5	1	\$1,420,092	\$1,808,125	3 / 60%	1/100%	\$1,497,882	\$1,808,125	\$1,772,230	\$1,808,125	\$940,793	\$1,808,125
South	22	20	\$1,552,044	\$1,680,909	6 / 27%	7/35%	\$1,190,378	\$1,213,613	\$6,169,286	\$5,946,313	\$386,577	\$262,043
Midwest	10	8	\$1,194,116	\$1,247,727	5 / 50%	4/50%	\$1,159,831	\$1,306,630	\$2,039,984	\$1,959,858	\$480,636	\$560,502

Notes

- (1) We compiled the gross sales data included in Chart 1 above from information submitted to us by our franchisees for royalty reporting. These amounts are not audited. Upon your reasonable request, we will provide written substantiation for these financial performance representations.
- (2) “Gross Sales” is defined as total revenues derived by Franchisee in and from each of the Franchised Restaurants and arising out of Franchisee’s activities pursuant to the Franchise 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 the Franchise 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. This definition is provided in the Franchise Agreement.

Some outlets have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representations, 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, Senior 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 Fiscal Years 2022 to 2024 (Traditional Venue Locations)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	1,637	1,646	+9
	2023	1,646	1,658	+12
	2024	1,658	1,655	-3
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets ⁽¹⁾	2022	1,637	1,646	+9
	2023	1,646	1,658	+12
	2024	1,658	1,655	-3
<p>Notes</p> <p>(1) No Dual Brand Restaurants have been included in this count as there were no Dual Brand Restaurants during these Fiscal Years.</p>				

Table No. 1B				
System-wide Outlet Summary For Fiscal Years 2022 to 2024 (Non-Traditional Venue Locations)				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	26	37	+11
	2023	37	45	+8
	2024	45	48	+3
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0

Total Outlets ⁽¹⁾	2022	26	37	+11
	2023	37	45	+8
	2024	45	48	+3

Notes

~~(1) No Dual Brand Restaurants have been included in this count as there were no Dual Brand Restaurants during these Fiscal Years.~~

Table No. 3A

Status of Franchised Outlets for Fiscal Years 2022 to 2024 (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
	2024	18	0	0	0	0	0	18
WYOMING	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
TOTALS ⁽⁴⁾	2022	1,637	26	0	7	0	10	1,646
	2023	1,646	35	0	3	0	20	1,658
	2024	1,658	23	0	12	0	17	1,655 ⁽⁵⁾

Notes

(1) All Florida outlets are franchised by a subfranchisor.

(2) Three Georgia outlets are franchised by a subfranchisor.

(3) One Flip'd location in Ohio that was previously excluded from the outlet count was converted to a Traditional Venue restaurant in 2024 and has been included in the total outlet count for the end of 2024.

~~(4) No Dual Brand Restaurants have been included in this count as there were no Dual Brand Restaurants during these Fiscal Years.~~

~~(5)~~(4) Total includes 7 restaurants that were temporarily closed as of December 29, 2024.

Table No. 3B

Status of Franchised Outlets for Fiscal Years 2022 to 2024 (Non-Traditional Venue)

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
ARKANSAS	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CALIFORNIA	2022	1	2	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
GEORGIA	2022	3	2	0	0	0	0	5

Notes

~~(1) No Dual Brand Restaurants have been included in this count as there were no Dual Brand Restaurants during these Fiscal Years.~~

(1)

Total includes 2 restaurants that were temporarily closed as of December 29, 2024.

Table No. 4

Status of Company-Owned Outlets for Fiscal Years 2022 to 2024 (Traditional Venue)

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
TOTALS	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5A

Projected New Franchised Outlets as of January 1, 2025 (Traditional Venue)

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2025 Fiscal Year	Projected New Company - Owned Outlets in the 2025 Fiscal Year
CALIFORNIA	0	5 ⁽¹⁾	0
COLORADO	0	1	0
CONNECTICUT	1	1	0
FLORIDA	0	3	0
GEORGIA	1	0	0
ILLINOIS	0	1	0
KANSAS	1	2	0
MASSACHUSETTS	0	1	0
MARYLAND	0	1	0
NEVADA	0	1	0
NEW JERSEY	0	3	0
NEW MEXICO	0	1	0
NEW YORK	0	1	0
TEXAS	0	4 ⁽²⁾	0
VIRGINIA	1	0	0
WASHINGTON	0	2	0
Total	4	27	0

Notes~~(1) Includes 1 projected Dual Brand Restaurant.~~~~(2) Includes 1 projected Dual Brand Restaurant.~~

Table No. 5B

Projected New Franchised Outlets as of January 1, 2025 (Non-Traditional Venue)

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the 2025 Fiscal Year	Projected New Company - Owned Outlets in the 2025 Fiscal Year
KANSAS	1	0	0
MAINE	0	2	0
NEVADA	0	1	0
OHIO	1	1	0
TEXAS	0	3 ⁽¹⁾	0
WASHINGTON	0	1 ⁽²⁾	0
Total	2	8	0

Notes

~~(1) Includes 1 projected Dual Brand Restaurant.~~

~~(2) Includes 1 projected Dual Brand Restaurant.~~

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 2024. ~~There are no Dual Brand Restaurants in the U.S. as of Fiscal Year 2024.~~

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 2024 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@dcj-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 December 29, 2024, December 31, 2023, and January 1, 2023.