

## FRANCHISE DISCLOSURE DOCUMENT



### **Checkers Drive-In Restaurants, Inc.**

4300 West Cypress Street, Suite 600  
Tampa, Florida 33607  
(813) 283-7000  
[www.checkers.com](http://www.checkers.com)  
[www.rallys.com](http://www.rallys.com)

The franchise offered is to operate a Checkers Restaurant or Rally's Restaurant featuring a limited menu of hamburgers, cheeseburgers, hot dogs and other menu items.

The total investment necessary to begin operation of a Checkers Restaurant or Rally's Restaurant (excluding real estate and related costs) is: \$449,000 to \$1,915,000 for a modular design drive-thru restaurant; \$619,000 to \$1,492,000 for a conversion restaurant; \$767,500 to \$1,705,000 for a site built restaurant; \$309,000 to \$1,134,250 for an endcap restaurant (including a gas station/convenience store endcap site); \$651,500 to \$1,055,250 for an in-line restaurant in a high-density market; and \$214,000 to \$736,000 for a Non-Traditional, Walmart or sports arena restaurant. This includes \$45,000 to \$55,000 that must be paid to the franchisor or an affiliate. If you want development rights, in addition to the cost to develop your first restaurant, you must pay the franchisor or its affiliate a development fee equal to \$10,000 for each additional restaurant that you agree to develop under a development agreement with us.

This disclosure document summarizes certain provisions of your franchise agreement and other agreements and 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 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 disclosure in different formats, contact Eileen Himber at 4300 West Cypress Street, Suite 600, Tampa, Florida 33607, or at (813) 283-7000.

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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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.

**Date of Issuance: April 17, 2026**

Checkers/Rally's  
2026 FDD

## 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:

| <b>QUESTION</b>                                                                          | <b>WHERE TO FIND INFORMATION</b>                                                                                                                                                                                                                                 |
|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>How much can I earn?</b>                                                              | 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 Exhibits F and G. |
| <b>How much will I need to invest?</b>                                                   | 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.                                                                         |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit H includes financial statements. Review these statements carefully.                                                                                                                                                                           |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.                                                                                                                                                                     |
| <b>Will my business be the only Checkers or Rally's business in my area?</b>             | Item 12 and the "territory" provisions in the distribution agreement describe whether the franchisor and other franchisees can compete with you.                                                                                                                 |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.                                                                                                                             |
| <b>What's it like to be a Checkers or Rally's franchisee?</b>                            | Item 20 or Exhibits F and G list current and former franchisees. You can contact them to ask about their experiences.                                                                                                                                            |

|                                        |                                                                                                                                                                                                                |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>What else should I know?</b></p> | <p>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.</p> |
|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## 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 distribution 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 distribution 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 distribution agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your distribution 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 distribution 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 A.

Your state also may have laws that require special disclosures or amendments be made to your distribution agreement. If so, you should check the State

Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Development Agreement require you to resolve disputes with the franchisor by arbitration or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Florida than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.

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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## **ITEM 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES**

Unless the context otherwise requires, all references to “Checkers,” “Rally’s,” “we,” “us,” or “our” refer to Checkers Drive-In Restaurants, Inc. and all references to “Franchisee,” “you,” or “your” refer to the person who is granted the right to operate a “Checkers” or “Rally’s” franchise, as is applicable. If you are a corporation, limited liability company, partnership or any other type of legal entity, the provisions of the Franchise Agreement (and, if applicable, the Development Agreement) also apply to your owners by virtue of the requirement that all your owners personally guarantee, and be personally bound by, your obligations under the Franchise Agreement (or, if applicable, the Development Agreement).

#### **The Franchisor**

Checkers is a Delaware corporation incorporated in September 1991. We conduct business under our corporate name and the names “Checkers” and “Rally’s.” Our principal business address is 4300 West Cypress Street, Suite 600, Tampa, Florida 33607. Our agents for service of process are listed in Exhibit A.

We own, operate and franchise restaurants under the “Checkers” name (collectively, “Checkers Restaurants”) and under the “Rally’s” name (collectively, “Rally’s Restaurants”) and associated trademarks, service marks, trade dress, and other commercial symbols that we currently (or may in the future) authorize to identify, promote, and operate Checkers Restaurants and Rally’s Restaurants, as is applicable, and/or any services or products offered by Checkers Restaurants or Rally’s Restaurants, including the mark CHECKERS® for Checkers Restaurants and RALLY’S® for Rally’s Restaurants, and our distinctive building design and color scheme (collectively, the “Marks”) and the System (defined below). We refer to Checkers Restaurants and Rally’s Restaurants collectively as “Restaurants” in this Franchise Disclosure Document.

We have developed and own a comprehensive system for developing and operating Restaurants that incorporates the business methods, designs and arrangements, the Marks, building designs and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, methods of inventory control and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify at any time and from time to time (collectively, the “System”).

We have owned, operated and franchised Checkers Restaurants since 1991. We have owned, operated and franchised Rally’s Restaurants since our merger with Rally’s Hamburgers, Inc. in August 1999. Before that, our predecessor, Rally’s Hamburgers, Inc., owned and operated Rally’s restaurants since 1985 and offered franchises for Rally’s Restaurants since 1986. We are engaged only in business activities that relate to Restaurants and have not offered franchises in other lines of business.

#### **Parent and Affiliate Companies**

We are owned by Checkers Holdings, Inc. (“Checkers Holdings”) a Delaware corporation incorporated in January 2014. On April 25, 2017, Checkers Holdings completed a merger with Burger Bossco, Inc., a Delaware corporation and a wholly owned subsidiary of Burger BossCo Intermediate, Inc., a Delaware corporation (“Parent”), with Checkers

Holdings surviving the merger. On June 16, 2023, we entered into a recapitalization agreement (the “Recapitalization Agreement”) under which our former parent company, Burger BossCo Holdings Inc., a Delaware corporation (“BossCo Holdings”) transferred its interest in Parent and Checkers Holdings, Inc., a Delaware corporation to Checkers Topco, LLC, a Delaware limited liability company (“New Parent”).

Parent’s and New Parent’s principal business address is 4300 West Cypress Street, Suite 600, Tampa, Florida 33607. Neither Parent nor New Parent operates businesses of the type being franchised under this Disclosure Document, and neither have offered franchises for Restaurants or franchises for any other line of business.

Our affiliate, Checkers/Rally’s National Production Fund, Inc., is a Florida not for profit corporation that shares our principal address (“NPF Inc.”). We entered into a services agreement with NPF Inc. to provide certain services to us and our franchisees, including to assist us in administering the NPF and to help us advertise Restaurants (as discussed in Item 11).

Our affiliate, Checkers/Rally’s Distribution and Services, Inc. is a Florida not for profit corporation that shares our principal address (“CDSI”). We entered into a services agreement with CDSI to provide certain operational services to us and our franchisees, including assistance with customer service programs, price management programs, supply chain management and quality assurance tests. Neither NPF Inc. nor CDSI operates businesses of the type being franchised under this Disclosure Document, and neither have offered franchises for Restaurants or franchises for any other line of business.

Our affiliate, Checkers/Rally’s Franchisee National Advertising Association, Inc., (the “Franchisee Advertising Association”) was formed in April 2026, as a Florida not for profit corporation that shares our principal address. We created the Franchise Advertising Association to maintain and administer an advertising association to which franchisees of “Checkers” or “Rally’s” restaurants can contribute in lieu of engaging in local marketing in order to comply with their obligations under the Franchise Agreement. The Franchisee Advertising Association does not operate businesses of the type being franchised under this Disclosure Document, and neither have offered franchises for Restaurants or franchises for any other line of business.

## **Our Business**

### **Restaurant Concept**

The Checkers Restaurant concept was founded in 1986 in Mobile, Alabama with a mission to provide guests with a bold and flavorful alternative to the standard burgers served by large hamburger quick service restaurant (“HQSR”) chains. The Rally’s Restaurant concept was founded in 1985 in Louisville, Kentucky. Rally’s Restaurants are quick-service restaurants that are highly similar in format and menu offerings to Checkers Restaurants. We have always focused on and continue to provide a differentiated menu with a robust made-to-order offering, delivered to guests at an exceptional value.

In addition to offering burgers, sandwiches and our signature “Famous Seasoned Fries”, we believe we appeal to our guests by offering an innovative menu with a variety of new products introduced on a regular basis. Additionally, we offer products that create new

dining occasions for customers, such as our distinctive dessert menu offerings which may include layered sundaes, slushies, milkshakes, funnel cake fries, apple pies and ice cream cones. We further differentiate ourselves from our HQSR competitors through our focus on the late-night day-part. We have achieved late-night success by virtue of our convenient dual drive-thru and highly recognizable restaurant fronts, flavor-packed menu and focus on operational excellence.

### Quick Service Restaurant (“QSR”) Industry

The fast-food restaurant industry is a highly competitive and developed market, which can be affected significantly by many factors, including changes in local, regional or national economic conditions, changes in consumer tastes, consumer concerns about the nutritional quality of quick-service food and increases in the number of, and particular locations of, competing fast-food restaurants. Other fast-food chains with greater financial resources have similar or competing operating concepts. Major chains dominate the fast food restaurant industry. We compete primarily on the basis of food quality, price and speed of service.

### Restaurant Designs

Our prototypical Restaurant is designed to allow automobiles to be serviced from both sides of the restaurant, with walk-up window service capabilities.

There are numerous formats we have approved for Restaurants. We have two prototypical Restaurant formats. The first prototype is a freestanding dual drive-thru format with walk-up window. This restaurant format is approximately 1,008 square feet in size (plus patio seating). The second prototype is a Restaurant that is a freestanding, single drive-thru format with walk-up window. This restaurant format is approximately 700 square feet (plus patio seating). Both formats require a site of 19,080 to 30,000 square feet and are available in a modular format which is manufactured and shipped to the Premises (defined below).

You may also construct a drive-thru restaurant of between approximately 700 and 1,008 square feet (plus patio seating) on a site of approximately 19,080 to 30,000 square feet.

Conversion of existing freestanding restaurants from other brands is also allowed, provided our distinctive trade dress is incorporated. The size of such existing restaurants is estimated at 800 to 3,000 square feet (with interior dining area) on sites of 13,000 to 30,000 square feet.

In certain instances, you may also use a strip-center endcap location, provided it has a proper drive-thru lane and our distinctive trade dress is incorporated. This restaurant format typically is 1,200 to 3,000 square feet in size, including an interior dining area.

In high density markets you may also develop in-line restaurants without any drive-thru lane(s) or restaurants at a Non-Traditional Site (defined below), such as a Walmart; however, our distinctive trade dress is to be incorporated to the maximum level allowed by local government. Such restaurants are estimated to be 700 to 3,500 square feet with an interior dining area.

Restaurants may also be located at “Non-Traditional Sites,” which are any sites, locations or venues that independently generate customer traffic flow separate from the general customer traffic flow of the surrounding area, or by their nature are not tied to a particular physical location, including, by way of example only, the following: military bases; large big-box retail outlets (such as a Walmart retail store); transportation-related venues (e.g., airports, train or bus stations, marinas, travel plazas or toll roads); sports or entertainment venues (e.g., stadiums, arenas, concert halls); major industrial or office complexes, hotels, educational facilities (e.g., school, college, and university campuses); casinos; hospitals and related rehabilitation or healthcare facilities; governmental institutions; amusement or recreational facilities (e.g., theme parks, outdoor municipal parks, zoos, or museums); grocery stores or departments stores; mobile-based channels of distribution (e.g., roving food trucks); and any co-branding locations or business endeavors where a Restaurant’s operations are inextricably associated with, or such operations are contained within or sharing the same physical building or operational premises as, another business (such as, for example and without limitation, a gas station/convenience store or another restaurant concept).

All Restaurants must be equipped with computerized point-of-sale systems, drive-thru timers and software to provide detailed performance reporting, as well as tracking of speed of service, guest satisfaction, management of inventory and labor scheduling.

#### **Industry Laws and Regulations**

You should consider that certain aspects of any restaurant business are regulated by federal, state and local laws, rules and ordinances in addition to the laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws and state law equivalents, the Affordable Care Act, the Occupational Safety and Health Act, data protection (such as credit card protection under the U.S. Fair and Accurate Credit Transactions Act, or “FACTA”) and privacy laws. The Environmental Protection Agency, U.S. Food and Drug Administration, the U.S. Department of Agriculture, as well as state and local environmental and health departments and other agencies, have laws and regulations concerning the preparation of food and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Under the Clean Air Act and certain state laws, some state and local areas are required to attain, by the applicable statutory guidelines, the national quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of such laws impose limits on emissions resulting from commercial food preparation.

#### **The Franchise Offered**

We offer qualified persons the right to own and operate a Checkers Restaurant or Rally’s Restaurant at a location to be agreed upon under our standard form franchise agreement (the “Franchise Agreement”). A copy of the Franchise Agreement is attached as Exhibit B. If you sign a Franchise Agreement to acquire a Checkers franchise or Rally’s franchise, then you will have the right to establish and operate your Checkers Restaurant or Rally’s Restaurant (each referred to as the “Franchised Restaurant”) at the location we approve (the “Premises”).

We offer qualified persons the right to develop multiple Restaurants within a specific geographic area. We have included in this Franchise Disclosure Document relevant information about our standard form development agreement (the “Development Agreement”). A copy of the Development Agreement is attached as Exhibit C. The Development Agreement requires you to open an agreed-upon number of Checkers Restaurants or Rally’s Restaurants (which Restaurants may be in any format as agreed between us and you) in accordance with a development schedule and to sign our then-current form of franchise agreement (which may from the current form of Franchise Agreement included with this Franchise Disclosure Document) prior to each Franchised Restaurant you open.

We may offer for sale, and sell as franchises, some company-owned Checkers Restaurants or Rally’s Restaurants in certain geographic areas. In connection with these franchise transactions, we may retain franchise or business brokers to negotiate with a prospective franchisee to reach mutually acceptable terms of a separate sale of assets agreement and any sale, lease or sublease of the real estate. If you purchase an existing company-owned Checkers Restaurants or Rally’s Restaurant, you will be required to remodel the Restaurant in accordance with our then-current imaging requirements on a schedule determined by us. In addition, a Franchise Agreement and Purchase of Company-Owned Restaurant Addendum (the current form of which is attached as Exhibit C-7) for the purchased restaurant(s) will have to be signed (which, in addition to the normal initial franchise fee, will require payment of a \$10,000 asset transfer fee – See Item 5) and, possibly, also a Development Agreement for the further development of Checkers Restaurants or Rally’s Restaurants in the geographical area where the purchased restaurant(s) is/are located. Depending on the circumstances, we also may vary the financial and other terms of our Franchise Agreement and Development Agreement in connection with the sale of company-owned Checkers Restaurants or Rally’s Restaurants.

We also may offer franchises for Restaurants in foreign countries. This Franchise Disclosure Document does not describe the terms of any international franchise relationship.

In 1997, in response to certain issues raised by several Rally’s franchisees in California and Arizona, and in a mutual effort to avoid a protracted dispute, we agreed to a material modification of the franchise agreements with the affected California and Arizona Rally’s franchisees. The Rally’s franchisees are referred to as the “Western Licensees,” and they have agreed to execute license agreements to replace their franchise agreements. Under the “Western License Agreement,” the Western Licensees will pay a reduced royalty (1% of Net Sales), and we have agreed that the services that we are obligated to provide to them will be materially different from, and will be substantially less than, the services that we provide to franchisees under the Franchise Agreement. Under the Western License Agreement, those Rally’s franchisees who elect to obtain advertising material from our advertising agency will pay a license fee of 2% of Net Sales. We do not offer new or additional Western License Agreements as part of this Franchise Disclosure Document.

### **Incentive Programs and Sales Promotions**

At our discretion, we periodically implement development incentive programs or other franchise sales promotions to increase the expansion of Restaurants among existing franchisees and new prospective franchisees. Our current incentive programs and sales

promotions as of this document's issuance date include the following for the calendar year 2026: (1) the Existing Franchisee Incentive; (2) the 2026 Growth Incentive; (3) the 2026 Reimage Incentive; (4) the Vet Fran Incentive; (5) the Women Business Owner Incentive; and (6) the Franchisee Referral Bonus Policy. We describe these incentives and promotions in greater detail in Items 5 and 6 below.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Chief Executive Officer and President: Chris Tebben**

Chris Tebben joined us as Chief Executive Officer and President in September 2024. Before joining us, Mr. Tebben was President and General Manager for Mars, Inc.'s Mars Retail Group in Newark, New Jersey from May 2022 to August 2024. From April 2018 to October 2021, he was Vice President/General Manager of the Starbucks Reserve Roasteries brand for Starbucks Coffee Company in Seattle, Washington.

### **Chief Strategy Officer and Chief Financial Officer: Michael Blair**

Michael Blair has served as our Chief Financial Officer since November 2023 and our Chief Strategy Officer since December 2024. From July 2019 to August 2023, he was the Chief Financial and Administrative Officer for Miller's Ale House Restaurants in Orlando, Florida.

### **Chief Operating Officer: Dave Pelletier**

Dave Pelletier has served as our Chief Operating Officer since October 2025 in Tampa, Florida. From January 2024 to October 2025, he was the Division Vice President of Sonic Drive-Ins at Inspire Brands in Orlando, Florida. From April 2018 through January 2024, he was the Division Vice President of Arby's at Inspire Brands in Orlando, Florida.

### **Chief Marketing Officer: Scott Johnson**

Scott Johnson has served as our Chief Marketing Officer since November 2023. Before that role, Mr. Johnson served as Head of Marketing, Smashburger & JFCNA for the Jollibee Group of Companies in Denver, Colorado from July 2019 to November 2023.

### **Chief Supply Chain Officer: Gina Rendar**

Gina Rendar has served as our Chief Supply Chain Officer since May of 2025. Before that role, Ms. Rendar served as Managing Director Commercial Excellence for Maine Pointe Consulting from August 2024 to May 2025 in Tampa, Florida. From August 2023 to August 2024, she was President for Concurrent Real-Time in Pompano Beach, Florida. From June 2015 to August 2023, she was Chief Commercial Officer for CCi Consulting in Orlando, Florida.

### **General Counsel and Senior Vice President: Stephen A. Messer**

Stephen Messer has served as our General Counsel since January 2025 and Senior Vice President since March 2026. Before that role, Mr. Messer served as our Assistant

General Counsel from August 2019 to January 2025 and our Vice President from January 2025 to March 2026.

### **Vice President of Information Technology: Caio Fernandes**

Caio Fernandes has served as Vice President of Information Technology since February 2025. From August 2019 to February 2025, he was Senior Director, Digital Technology for Bloomin' Brands Inc. in Tampa, Florida.

## **ITEM 3 LITIGATION**

### Pending Litigation:

Checkers Drive-In Restaurants, Inc., v. Baby Buford, LLC, et. al., (Case No. 20-21749-Civ-COOKE), U.S. District Court for the Southern District of Florida

Baby Buford, LLC, Baby Buford HP, LLC, Baby Buford Warren, LLC, Baby Buford 8 Mile, LLC, Baby Buford Southfield, LLC, Baby Buford 23 Mile Road, LLC, Baby Buford Livernois, LLC, Baby Buford Woodward, LLC, Baby Buford 14 Mile, LLC, Baby Buford Port Huron, LLC, Baby Buford Ypsilanti, LLC, Baby Buford Sylvan Lake, LLC, and Baby Buford Harper, LLC (collectively hereafter referred to as "Baby Buford") are former Checkers franchisees. On December 19, 2019, we terminated the franchise agreements based on failure to pay required advertising contributions. On March 30, 2020, Baby Buford filed a single Demand for Arbitration against us seeking \$299,999 in damages and alleging that (i) their franchise agreements had been wrongfully terminated in violation of the Michigan Franchise Investment Law, and (ii) we misappropriated and comingled advertising contributions made by Baby Buford. We deny any wrongdoing in this matter and all claims made by Baby Buford. On April 27, 2020, we filed a Petition to Compel Arbitration in Federal Court in which we asserted that the franchise agreements require a separate arbitration for each franchise entity. The Court agreed and, on January 6, 2021, the Court entered an Order staying the current arbitration and requiring separate arbitrations should Baby Buford wish to proceed. The claimants have taken no further action since the Court's January 6, 2021 order and do not appear to be actively pursuing their claims, although the arbitration action has not been withdrawn at this time.

### Concluded Litigation:

Breandan Cotter, individually and on behalf of all others similarly situated v. Checkers Drive-In Restaurants, Inc., (Case 8:19-cv-01386), U.S. District Court for the Middle District of Florida; Jack Dinh, Individually and On Behalf of All Others Similarly Situated v. Checkers Drive-In Restaurants, Inc., (Case 8:19-cv-01310), U.S. District Court for the Central District of Florida, Southern Division.

On June 6, 2019, a civil complaint was filed against us on behalf of plaintiff Breandan Cotter and similarly situated customers (the "Cotter Complaint"). The Cotter Complaint asserted claims of breach of confidence, breach of implied contract, negligence, negligence *per se*, unjust enrichment and violations of the Florida Unfair and Deceptive Trade Practices Act,

stemming from our alleged failure to secure and safeguard our customers' credit and debit card numbers and other payment card data and personally identifiable information, and our alleged failure to timely and adequately provide notice to our affected customers. On July 2, 2019, a civil complaint was filed against us on behalf of plaintiff Jack Dinh and similarly situated customers (the "Dinh Complaint" and together with the Cotter Complaint, the "Complaints"). The Dinh Complaint asserted claims of negligence and violations of California Civil Code §§ 1798.80, et seq., and California's Unfair Competition Law, Bus. & Prof. Code §§ 17200 et. seq., stemming from our alleged failure to maintain reasonable security practices to protect the unauthorized access to our customers personal information. The Complaints sought certification of a putative nationwide class of consumers impacted by the alleged breaches and also sought monetary damages, injunctive and equitable relief, attorneys' fees and other costs. We held a joint mediation concerning both Complaints, and subsequently entered into a settlement agreement to dismiss both Complaints with prejudice. On August 25, 2021 the Court entered an Order approving the settlement, which requires us to (i) reimburse each class member up to \$5,000 for documented out-of-pocket expenses, or (ii) provide \$20 in restaurant vouchers to each class member without documented out-of-pocket expenses. In accordance with that Order, notice of the settlement was subsequently provided to the settlement class.

**Franchisor Initiated Actions to collect unpaid fees:**

Checkers Drive-In Restaurants, Inc. v. Tri State Restaurants, LLC, Tri State Restaurants III, LLC; Mid-South Restaurants, LLC; Anwar Aman; Rafiq Devji and Badruddin Kheraj, (Case No. 01-25-0002-845), filed June 12, 2025. This matter was settled in exchange for franchisee taking certain actions and paying Checkers an agreed upon sum.

Checkers Drive-In Restaurants, Inc. v. United Restaurants, LLC; Anwar Aman; and Salman Noordin, (Case No. 01-25-0002-8454), filed June 12, 2025. This matter was settled in exchange for franchisee taking certain actions and paying Checkers an agreed upon sum.

Other than the actions above, no litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

There is no bankruptcy information required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

**Franchise Agreement**

**Initial Franchise Fee**

The standard initial franchise fee is \$30,000. If we have approved the location of the Franchised Restaurant prior to signing the Franchise Agreement, then you must pay the full amount of the initial franchise fee when you sign the Franchise Agreement. If we and you have not agreed upon an approved location of the Franchised Restaurant before signing the Franchise Agreement, then the initial franchise fee is payable as follows: \$10,000 on the date



you sign the Franchise Agreement; and the remaining \$20,000 within 30 days of our approval of the location of the Franchised Restaurant.

If you sign the Franchise Agreement in connection with a Development Agreement, then the applicable portion of the development fee you paid under the Development Agreement toward the Franchised Restaurant will be credited against the initial franchise fee payable and due to us under the Franchise Agreement, according to that Development Agreement's terms. If you sign the Franchise Agreement and a Non-Traditional Site Addendum to operate the Franchised Restaurant from a Non-Traditional Site, then the initial franchise fee will be reduced to \$15,000 as discussed below. If you sign the Franchise Agreement as part of your independent purchase of (or receipt of transferred ownerships interests in) the Franchised Restaurant's assets from a third party owner, then you will not pay us an initial franchise fee, but you must ensure that we receive the full amount of the associated transfer fee due to us as a result of that transaction (by way of example only, see successor franchise fee under Item 6).

In addition, should you qualify (as we solely determine) for any incentive programs or other sales promotions we are then offering in connection with sales of new franchises, or accelerated openings of franchises not yet opened (as the case may be), then your initial franchise fee or other applicable amounts due under the Franchise Agreement may be reduced according to conditions of that promotional offer (including signing an addendum to the Franchise Agreement, as we may then require). We describe certain promotional offers currently in effect on the issuance date of this Franchise Disclosure Document below in this Item 5.

The initial franchise fee is fully earned by us on the effective date of the franchise agreement and is non-refundable, except that we may provide you a refund of 50% of the initial franchise fee if: (a) you (i) are unable to obtain a site acceptable to us within the Designated Area for the Franchised Restaurant within 180 days after the effective date of the franchise agreement, or (ii) despite having expended good faith best efforts (as we determine in our sole judgment), have not obtained all necessary permits, licenses, or other regulatory or municipal approvals to be able to open the Franchised Restaurant according to applicable law within 60 days after you sign the proposed lease, sublease, or purchase agreement for the location of the Franchised Restaurant; and (b) you and your owners execute general releases, in form and substance satisfactory to us, of any and all claims against us, and our affiliates, officers, directors, employees, agents, successors and assigns.

If you fail to pay the initial franchise fee before you open the Franchised Restaurant, then the amount of the initial franchise fee will increase by \$500 per day on and after the opening date until we receive the full amount of the initial franchise fee, including all cumulative daily increases accruing since the opening date. These increases compensate us for our expenses, including the administrative and collection efforts with respect to the fee, and are not interest charges, time-price differentials or penalties for an overdue payment.

*Asset Transfer Fee (on sale of company-owned Restaurant)*

If your Franchise Agreement is for an existing Checkers Restaurant or Rally's Restaurant you are buying from us or our affiliate, then you must pay us a \$10,000 asset transfer fee in addition to the initial franchise fee, payable on or before you close on the purchase of the Franchised Restaurant's assets. We may also impose the daily incremental late charge of \$500 per day, as we describe above for a past-due initial franchise fee, if you

do not pay the asset transfer fee before closing. This fee is full earned by us as of the effective date of the Franchise Agreement.

#### *Initial Advertising and Promotional Program Deposit*

If your Franchise Agreement is for a new Checkers Restaurant or Rally's Restaurant, you must pay a \$15,000 advertising deposit (the "Initial Advertising Deposit") to our affiliate, NPF Inc., who administers the National Production Fund (described in Item 11). The Initial Advertising Deposit is due, and we have the right to debit your bank account, on the earlier of when you commence site construction at the Premises for the Franchised Restaurant or 10 weeks from the anticipated opening date of the Franchised Restaurant. This amount is used to conduct, through the National Production Fund (and if applicable, any local advertising cooperative) an initial advertising and promotional program at the Franchised Restaurant as we deem appropriate. When the initial advertising and promotional program is complete, we will (after deducting for incurred costs and expenses) deposit any remaining amount from the initial advertising deposit to the National Production Fund.

During our 2024 fiscal year, franchisees that signed franchise agreements during the year paid pre-opening fees as we describe above ranging from \$0 to \$45,000 per Restaurant (inclusive of the initial franchise fee, asset transfer fees and the Initial Advertising Deposit).

#### **Subleases**

##### *Security Deposit*

If we agree to sublease the Premises of your Franchised Restaurant to you, we may require you to pay us a refundable security deposit before you open or begin to operate the Franchised Restaurant. The amount of the security deposit, if any, will depend on the amount of the security deposit paid to the landlord of the Premises. During our 2024 fiscal year, we did not receive any security deposits from franchisees.

##### *Sublease Administrative Fee*

If your Franchise Agreement is for an existing Checkers Restaurant or Rally's Restaurant you are buying from us or our affiliate, and we agree to sublease the Premises of your Franchised Restaurant to you and remain on the master lease, then we may charge you a sublease administrative fee of up to 10% of the rent that remains due under the then-current lease term in consideration of our remaining a guarantor on the lease.

#### **Sales Incentives and Promotions that may impact Pre-Opening Amounts Due**

We currently offer a number of incentive programs that may reduce the amounts of pre-opening fees we describe above. These programs may not be mutually exclusive, meaning that we may allow you to take advantage of multiple benefits across more than one promotion if your acquisition of a new Franchised Restaurant meets our criteria to receive a fee or other payment reduction under each offer.

##### *2026 Growth Incentive*

You will qualify for a 85% reduced initial franchise fee if you sign a franchise agreement by December 31, 2026 and open a Restaurant that complies with our then-current

imaging requirements within 18 months of signing. In order to receive the benefit of a reduced initial franchise fee for your third and subsequent Restaurants (and other benefits described in Item 6), you must sign our required form of 2026 Growth Incentive Addendum to the Franchise Agreement (attached as Exhibit B-2 to this Franchise Disclosure Document).

#### *Existing Franchisee Incentive*

If you are an existing franchisee of at least two Checkers Restaurants or Rally's Restaurants and you are in good standing and full compliance with all current agreements with us or our affiliates, and you sign a Franchise Agreement for, and open to our satisfaction, a new Franchised Restaurant within 18 months of signing the Franchise Agreement, then we offer a \$10,000 reduction to the amount of our standard initial franchise fee (currently \$30,000) payable for the new Franchised Restaurant. In order to receive the benefit of a reduced initial franchise fee of \$20,000, you must sign our required form of Existing Franchisee Incentive Addendum to the Franchise Agreement (attached as Exhibit B-1 to this Franchise Disclosure Document).

#### *Vet Fran Incentive*

We offer an incentive program for eligible veterans of the United States military forces (the "Vet Fran Incentive") under which participants may pay a reduced initial franchise fee (currently \$0, or a 100% reduction of our current standard initial franchise fee of \$30,000) under their first Franchise Agreement for a new Franchised Restaurant. To qualify, veterans must provide us adequate documentation of their honorable discharge (by submission of a form 1041 or other materials we deem acceptable), the qualified veteran must own at least 51% of the franchisee entity, and the franchisee must sign our required form of Vet Fran Incentive Addendum to the Franchise Agreement (attached as Exhibit B-4 to this Franchise Disclosure Document).

#### *Women Business Owner Incentive*

We offer an incentive program for women franchisees (the "Women Business Owner Incentive") under which participants may pay a reduced initial franchise fee (currently \$0, or a 100% reduction of our current standard initial franchise fee of \$30,000) under their first Franchise Agreement for a new Franchised Restaurant. To qualify, a woman must own at least 51% of the franchisee entity, and the franchisee must sign our required form of Women Business Owner Incentive Addendum to the Franchise Agreement (attached as Exhibit B-5 to this Franchise Disclosure Document).

#### *Franchisee Referral Bonus*

We have a current policy under which franchisees who refer a new prospective franchisee candidate to us (with whom we had no prior relationship) may be eligible to receive \$5,000 in cash as a referral bonus from us within 30 days of the referred candidate opening a new Franchised Restaurant. We offer this policy in recognition and appreciation of our franchisees' independent and unsolicited efforts toward growing our franchise network. We may amend or cancel this policy in the future.

## **Non-Traditional Site Addendum**

If the Franchised Restaurant is to be located at a Non-Traditional Site, you must enter into our Non-Traditional Site Addendum attached as Exhibit B-3. The Non-Traditional Site Addendum requires you to pay a reduced initial franchise fee of \$15,000 and a reduced royalty fee level of 2% of Net Sales at the Franchised Restaurant (as reduced from the standard royalty fee of 4% for new Franchised Restaurants); and, to the extent we or our affiliates can reasonably arrange with the membership of your regional or local cooperative, a reduced cooperative advertising contribution level equal to 50% of the contribution level payable by fellow members of your regional or local cooperative (whose restaurants are not located at a Walmart or other Non-Traditional Site), if any such cooperative already exists or is formed in your Franchised Restaurant's area.

## **Development Agreement**

If we agree to grant you development rights, you and we will enter into a Development Agreement, which requires you to pay a development fee of \$10,000 per restaurant to be developed. The number of restaurants to be developed pursuant to a Development Agreement varies depending upon a variety of factors, including (1) existing population and anticipated population growth within the Development Area; (2) competition within the Development Area; and (3) the number of Checkers Restaurants or Rally's Restaurants we estimate can be developed within the Development Area.

Under the Development Agreement, you are required to pay the then-current standard initial franchise fee for each Restaurant you are required to develop under a Development Agreement; however, \$10,000 of the development fee is credited to the initial franchise fee payable for each Restaurant you are required to open under the Development Agreement until the development fee is credited in full. The development fee is not refundable, in whole or in part, except if we terminate the Development Agreement as a result of adverse franchise legislation. In this event, we will refund the uncredited portion of the development fee.

During our 2025 fiscal year, we did not collect a reduced development fee from any franchisee that signed a Development Agreement.

## **ITEM 6 OTHER FEES**

### **FRANCHISE AGREEMENT**

| <b>COLUMN 1<br/>TYPE OF FEE</b> | <b>COLUMN 2<br/>AMOUNT</b>                                                                            | <b>COLUMN 3<br/>DUE DATE</b>                                   | <b>COLUMN 4<br/>REMARKS (See Note 1)</b>                                                                              |
|---------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Royalty                         | 4% of your Net Sales or 2% of your Net Sales if you operate a Restaurant from a Non-Traditional Site. | Semi-monthly, on or before the 5th and 20th day of each month. | Net Sales is defined in Note 2 below. See Note 2 for the 2026 Growth Incentive Program and Reimage Incentive Program. |

| <b>COLUMN 1<br/>TYPE OF FEE</b>                            | <b>COLUMN 2<br/>AMOUNT</b>                                                                                                                                                                                 | <b>COLUMN 3<br/>DUE DATE</b>                                                                                | <b>COLUMN 4<br/>REMARKS (See Note 1)</b>                                                                                                                                                                                             |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| National Production Fund Contributions (See Notes 3 and 4) | You will be required to pay up to 3% of your Net Sales (currently, 2.65% of your Net Sales).                                                                                                               | When the previous month's Net Sales are reported, but no later than the 20 <sup>th</sup> day of each month. | Varies. The amount is credited toward your 4.5% advertising expenditure requirement. Your contribution rate is subject to change from time to time.                                                                                  |
| Cooperative Advertising (See Notes 4 and 5)                | Determined by your local or regional advertising cooperative.                                                                                                                                              | Monthly, on the 5 <sup>th</sup> day of each month.                                                          | Payments to local or regional advertising cooperatives are credited toward your 4.5% advertising expenditure requirement.                                                                                                            |
| Local Advertising Fee (see Notes 5 and 6)                  | The difference between the current NPF contribution rate and 4.5% of your Net Sales.                                                                                                                       | Must be spent on advertising and promotion during each of your fiscal quarters.                             | If your Franchised Restaurant is located in a geographical area where we have not established an advertising cooperative, then, we may require you contribute to an advertising purchasing collective that we establish and control. |
| Delivery Administration Fee                                | 2% of the total price charged to a customer that orders certain approved food, beverage and other items ("Delivered Products") from a third-party delivery service provider approved by us (each a "DSP"). | Bi-monthly.                                                                                                 | Payable only if you are eligible to provide delivery services, elect to provide delivery and enter into the delivery services participation agreement (the "Delivery Program"). See Note 7.                                          |
| Order Ahead Program Administration Fee                     | 2% of the total price charged to a customer that orders certain approved food, beverage and other items (the "Order Ahead Products") from our optional "Order Ahead Program."                              | Bi-monthly.                                                                                                 | Payable only if you are eligible and elect to enter the Order Ahead Program, which allows customers to pre-order the Order Ahead Products for pick-up from Restaurants. See Note 8.                                                  |

| <b>COLUMN 1<br/>TYPE OF FEE</b>                                             | <b>COLUMN 2<br/>AMOUNT</b>                                                                                                                                                                                                                                                                                                                        | <b>COLUMN 3<br/>DUE DATE</b>              | <b>COLUMN 4<br/>REMARKS (See Note 1)</b>                                                                                                                  |
|-----------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Marketing, Advertising, Promotional and Point-of-Purchase ("POP") Materials | Actual costs, which may vary per Restaurant based on merchandising capacity and the materials you request.                                                                                                                                                                                                                                        | Payable monthly.                          | Advertising materials not prepared by us must be submitted for approval prior to distribution.                                                            |
| Transfer Fee                                                                | <p>Transfer of a Single Restaurant: \$20,000 (or \$10,000, if the transferee is an existing franchisee)</p> <p>Transfer of Multiple Restaurants: \$20,000 (or \$10,000, if the transferee is an existing franchisee) for the first Restaurant, plus \$5,000 for each additional Restaurant to be transferred as part of a single transaction.</p> | Upon transferring the franchise.          |                                                                                                                                                           |
| Renewal Fee                                                                 | If your successor franchise term is 10 years, the renewal fee is 33.33% of the then-current initial franchise fee for a new Restaurant; if your successor franchise term is 20 years, the renewal fee is 50% of the then-current initial franchise fee.                                                                                           | Upon signing the new franchise agreement. |                                                                                                                                                           |
| Training Fee                                                                | Currently, \$750 per additional attendee (maximum of \$1,000 per additional attendee)                                                                                                                                                                                                                                                             | Upon receipt of our bill.                 | We do not charge training fees for 2 attendees at initial training but may charge fees for additional attendees and for additional training. See Item 11. |

| <b>COLUMN 1<br/>TYPE OF FEE</b> | <b>COLUMN 2<br/>AMOUNT</b>                                                                                                                                                                                                                                                                                 | <b>COLUMN 3<br/>DUE DATE</b> | <b>COLUMN 4<br/>REMARKS (See Note 1)</b>                                                                                                                                                                                                                                                                                                                                     |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Technology Fee                  | Currently, \$190 to \$370 plus applicable taxes (subject to increase based on our and our third party provider's increased costs, in providing the technology services, including increased costs associated with technological innovation and product development necessary for industry competitiveness) | Quarterly                    | In connection with the required Aloha POS system, you must pay us or our affiliate ongoing costs for the Aloha Command and Configuration Center and Menu Management services. We offer enhanced technology services on an optional basis. If you choose to sign-up for our enhanced technology services, the Technology Fee will increase to \$370 per quarter.              |
| Firewall Fee                    | Currently, \$159 plus applicable taxes (subject to increase based on our third party provider's increased costs)                                                                                                                                                                                           | Quarterly                    | You are required to obtain a firewall system at the Franchised Restaurant from one of our preferred vendors. If you choose to use Scale Computing for this service, you must pay us or our affiliate an ongoing cost for Scale Computing's firewall system. See Item 11.                                                                                                     |
| Secure Payment Gateway Fee      | Currently, \$19 plus applicable taxes (subject to increase based on our third party provider's increased costs)                                                                                                                                                                                            | Monthly                      | You are required to use a Point to Point encryption credit card and payment processing solution at the Franchised Restaurant from one of our preferred vendors. If you choose to use the Connected Payment service offered by Aloha, Freedom Pay, or VeriPhone, you must pay us or our affiliate directly and we will then pay the supplier for these services. See Item 11. |

| <b>COLUMN 1<br/>TYPE OF FEE</b>                    | <b>COLUMN 2<br/>AMOUNT</b>                                                                                                                                                                  | <b>COLUMN 3<br/>DUE DATE</b> | <b>COLUMN 4<br/>REMARKS (See Note 1)</b>                                                                                                                                                                                                                                                     |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interest on Late Payments                          | Highest contract rate of interest permitted by law. If there is no applicable legal maximum rate, then 4% plus the prime rate (as of the due date) as published in The Wall Street Journal. | Immediately                  | This interest rate applies to any money you owe us or any of our affiliates after the due date.                                                                                                                                                                                              |
| Late Payment Fee                                   | \$250                                                                                                                                                                                       | As incurred.                 | Due if you have insufficient funds in your account to cover an electronic payment, or, if you pay by check, a check is returned for insufficient funds.                                                                                                                                      |
| Special Assistance                                 | Currently, only out-of-pocket expenses.                                                                                                                                                     | Upon receipt of our bill.    | We may impose per diem fees and charges for any special assistance you request.                                                                                                                                                                                                              |
| Fees to Evaluate and Approve Alternative Suppliers | Currently, only out-of-pocket expenses.                                                                                                                                                     | Upon receipt of our bill.    | We may impose reasonable inspections and supervision fees to cover our costs in evaluating alternative approved brands or suppliers you suggest.                                                                                                                                             |
| Extension Fee                                      | \$5,000                                                                                                                                                                                     | As incurred.                 | You will pay this amount if we grant you a one-time extension to either locate, secure or develop a site acceptable to us for the Franchised Restaurant.                                                                                                                                     |
| Rent                                               | Varies by site being sublet                                                                                                                                                                 | Monthly                      | You will only pay this amount if we sublease the Premises of your Franchised Restaurant to you. If we sublease the Premises, you may pay rent directly to the landlord or to us. If you pay rent to us, we may charge an amount that is higher than the rent due under the underlying lease. |



| <b>COLUMN 1<br/>TYPE OF FEE</b>                                  | <b>COLUMN 2<br/>AMOUNT</b>                  | <b>COLUMN 3<br/>DUE DATE</b> | <b>COLUMN 4<br/>REMARKS (See Note 1)</b>                                                                                                                                                                                                   |
|------------------------------------------------------------------|---------------------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Audit                                                            | Cost of audit                               | Upon receipt of our bill.    | Payable only if you fail to furnish required information or if we find an understatement of Net Sales greater than 2%.                                                                                                                     |
| Insurance                                                        | Varies, cost of coverage obtained           | As incurred                  | If you fail to obtain the required insurance coverage for the Franchised Restaurant, we may obtain such coverage at your expense.                                                                                                          |
| Maintenance Costs                                                | Varies, actual costs                        | As incurred                  | If you fail or refuse to maintain the Franchised Restaurant as required, we have the right to do so on your behalf and at your expense.                                                                                                    |
| Attorneys' Fees and other costs                                  | Varies, actual fees and costs incurred      | As incurred                  | Payable if you fail to comply with the Franchise Agreement or if we are joined in a lawsuit that is based on your operation of a restaurant.                                                                                               |
| Indemnification                                                  | Varies, actual losses and expenses incurred | As incurred                  | You must reimburse us for our losses and expenses as a result of third party claims arising from your failures or breaches under the Franchise Agreement, your operation of the Franchised Restaurant, and any unauthorized acts.          |
| Early Termination Damages                                        | Varies, see Note 9 for calculation          | As incurred                  | (See Note 9)                                                                                                                                                                                                                               |
| Costs to De-Identify the Premises upon Termination or Expiration | Varies, actual losses and expenses          | As incurred                  | You must reimburse us for our losses and expenses if you fail to de-identify and remove signage from the Franchised Restaurant following the termination or expiration of the Franchise Agreement, and our personnel is required to do so. |

NOTE 1: Except for the minimum advertising requirement and fees payable to the regional or local advertising cooperatives and NPF, all fees are payable to Checkers. All fees are nonrefundable. Except as noted in this Item 6 and fees payable to the NPF, all fees currently are uniformly imposed.

NOTE 2: The term “Net Sales” means all revenue received or receivable from operating the Franchised Restaurant, including the aggregate of all sales amounts from food, beverages and other products sold and services rendered at the Premises or otherwise rendered in connection with your Franchised Restaurant, and all monies derived from sales at or away from the Franchised Restaurant, whether from cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions, but: (1) excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) reduced by the amount of any documented refunds, credits, allowances, adjustments, promotional discounts we authorize, and charge-backs the Franchised Restaurant provides to customers in good faith.

#### 2026 Growth Incentive

If you: (i) sign a Franchise Agreement on or before December 31, 2026; (ii) open the Franchised Restaurant to the general public within 18 months of signing the Franchise Agreement; and (iii) the Franchised Restaurant complies with the current imaging requirements; then we will discount the royalty fee payable under the Franchise Agreement according to the schedule below until the earlier of: (a) the total value of the royalty fee abatement (calculated based on the standard royalty fee due under the Franchise Agreement) equals \$150,000 or (b) the Franchised Restaurant has operated for 48 months. Under this incentive, the royalty payable will be as follows: (1) for the first 12 months of operation, the royalty will be waived; (ii) for months 13 through 24 of operation, the royalty fee will be 1% of Net Sales; (iii) for months 25 through 36 of operation, the royalty fee will be 2% of Net Sales; (iv) for months 37 through 48 of operation, the royalty fee will be 3% of Net Sales; and (v) beginning in month 49 and for the remainder of the term of the Franchise Agreement thereafter, the royalty fee will be 4% of Net Sales.

You must remain in full compliance with your Franchise Agreement to be eligible for any of the development incentives listed above. You will provide us any documentation that we may require proving your compliance with the deadlines included above. To receive the benefit of these reduced royalty amounts, you must sign our required form of 2026 Growth Incentive Addendum to the Franchise Agreement (attached as Exhibit B-2 to this Franchise Disclosure Document).

#### 2026 Reimage Incentive

If you meet the following criteria: (i) you are signing a franchise agreement on or before June 30, 2026; (ii) you complete a full scope reimage (as approved in advance by us) that complies with our current reimagining requirements by December 31, 2026; and (iii) you, your owners, and your and their affiliates are

in full compliance with the franchise agreement and any other agreement between us and you or them, then royalty fees shall accrue and be payable at the following discounted rates until the total value of the royalty fee abatement (calculated as the difference between the royalty paid pursuant to the discounted rate specified below and the standard royalty fee due under the Franchise Agreement) equals \$50,000: (i) from the date your Franchised Restaurant reopens following the reimage continuing until the end of the 12<sup>th</sup> month of operation following reopening, royalty fees shall accrue at a rate of 1%; and (ii) beginning in the 13<sup>th</sup> month of operation through the 24<sup>th</sup> month of operation, royalty fees shall accrue at a rate of 2%. Beginning in the 24<sup>th</sup> month following the reopening and for the remainder of the term of the Franchise Agreement, royalty fees shall accrue and be payable at a rate of 4% regardless of whether the total value of the royalty fee abatement has reached \$50,000. To receive the benefit of these reduced royalty amounts, you must sign our required form of 2026 Reimage Incentive Addendum to the Franchise Agreement (attached as Exhibit B-6 to this Franchise Disclosure Document).

- NOTE 3: We require you to spend 4.5% of your Net Sales on advertising and marketing your Franchised Restaurant, which includes your NPF contribution, your contribution to a regional or local advertising cooperative, and amounts you spend marketing your Franchised Restaurant in your local market or that we require you to contribute to an advertising purchasing collective that we establish and control. Your advertising expenditures may exceed 4.5% of your Net Sales if you are a member of a regional or local advertising cooperative whose required contribution rate, when added to your NPF contribution rate, exceeds 4.5%. Your advertising expenditures also may exceed 4.5% of your Gross Sales if in addition to your NPF contribution rate and your regional or local advertising cooperative contribution, you elect to spend an additional amount marketing your Franchised Restaurant in your local market.
- NOTE 4: The current NPF contribution rate is 2.65% of your Net Sales. As noted in Item 1, the Western Licensees operate under a different form of agreement. The Western License Agreement provides that the Western Licensees must pay a 1% royalty, but each Western Licensee has no obligation to contribute to NPF or to an advertising cooperative. We are not obligated to provide certain advertising and marketing support to Western Licensees.
- NOTE 5: Decisions of advertising cooperatives generally are made by majority vote based on one vote per restaurant. Accordingly, we may control the cooperative in certain areas where company-owned Checkers Restaurants or Rally's Restaurants constitute the majority. Typically, however, the by-laws require certain votes (e.g., contribution rate increases) to be based on one vote per entity and not one vote per restaurant. The cooperative contribution rate is generally 1.85% of Net Sales, but may vary. Cooperatives may purchase any media or advertising of their choosing, including home, linear TV, terrestrial/streaming radio, connected TV, online video, digital display, paid search, programmatic digital, and social media. Rate contributions of advertising cooperatives are established by a majority vote of members.

In addition, if we provide you and any local or regional advertising cooperative with 90 days' notice of a special regional promotion, you must participate in the promotion and pay us any regional advertising fees beginning on the effective date of the notice and continuing until the regional promotion ends. Any special regional advertising fees will be in addition to, and not credited towards, the minimum 4.5% advertising expenditure we currently require you to make.

- NOTE 6: If your Franchised Restaurant is located in a geographical area where we have not established an advertising cooperative, then you will be required to either (i) spend the difference between the current NPF contribution rate and 4.5% of your Net Sales marketing your Franchised Restaurant in your local market, (ii) contribute the difference between the current NPF contribution rate and 4.5% of your Net Sales to the Franchisee Advertising Association, or (iii) join a local or regional cooperative that we create in your designated marketing area (in which case your contribution rate will be determined by the cooperative in accordance with its by-laws).
- NOTE 7: We offer an optional Delivery Program that allows you to offer Delivered Products through one or more DSPs to customers within the radii and zones (each a "Delivery Area") and during the hours of operation exclusively established by each DSP. If you are eligible and elect to participate in the Delivery Program, you will be required to pay us the Delivery Administration Fee as outlined in the table above. We negotiate all terms and conditions with DSPs and you must execute and comply with all applicable agreements we negotiate with any DSP.
- NOTE 8: We offer an optional Order Ahead Program that allows you to offer Order Ahead Products using our owned channels and website and our proprietary order ahead and pick-up services software. If you are eligible and elect to participate in the Order Ahead Program, you will be required to enter our Order Ahead Program Participation Agreement and pay us the Order Ahead Program Administration Fee as outlined in the table above. We negotiate all terms and conditions with services providers of our Order Ahead Program and you must execute and comply with all applicable agreements we negotiate with any of those service providers.
- NOTE 9: If we terminate the Franchise Agreement as a result of your breach, then within 30 days following such termination, you must pay us an amount equal to the average monthly royalty fees and advertising contributions that you owed to us for the past 24 months multiplied by the number of months remaining in the Term ("Early Termination Damages"). If you have not operated the Franchised Restaurant for 24 months prior to the termination of this Agreement, the Early Termination Damages will be calculated by using the average monthly royalties and advertising contributions you owed for the number of months that the Franchised Restaurant operated multiplied by the number of months remaining in the Term.

## **DEVELOPMENT AGREEMENT**

If we grant you development rights and you sign a Development Agreement, you should also review the table of fees applicable to Franchise Agreements as well as the following table of fees.

| <b>COLUMN 1<br/>TYPE OF FEE</b> | <b>COLUMN 2<br/>AMOUNT</b> | <b>COLUMN 3<br/>DUE DATE</b>                | <b>COLUMN 4<br/>REMARKS<br/>(See Note 1)</b>                                                                                                                                                                            |
|---------------------------------|----------------------------|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transfer Fee                    | \$20,000                   | Upon transferring the Development Agreement |                                                                                                                                                                                                                         |
| Attorneys' Fees and Other costs | Varies                     | As incurred                                 | Payable if you fail to comply with the Development Agreement.                                                                                                                                                           |
| Indemnification                 | Varies                     | As incurred                                 | You must reimburse us for our losses and expenses as a result of third party claims arising from your failures or breaches under the Development Agreement, your operation of your business, and any unauthorized acts. |

NOTE 1 All fees are imposed by and payable to Checkers. All fees are nonrefundable. Except as noted in this Item 6, all fees currently are uniformly imposed.

## **ITEM 7 ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

The following charts estimate the initial investment for Restaurants in 5 different formats: (1) the modular design drive-thru restaurant (including reopening of closed modular sites); (2) conversion of a drive-thru restaurant; (3) a site built restaurant; (4) an endcap strip-center (including gas station/convenience store endcap sites); (5) an in-line restaurant in a high-density market; and (6) Non-Traditional, Walmart, and sports arena restaurant. These estimates may also apply if you are reopening an existing Restaurant that ceased operations.

#### **1. MODULAR DESIGN DRIVE-THRU RESTAURANT**

| <b>Column 1<br/>Type of expenditure</b> | <b>Column 2<br/>Amount</b> | <b>Column 3<br/>Method of payment</b> | <b>Column 4<br/>When Due</b>                | <b>Column 5<br/>To whom payment is to be made</b> |
|-----------------------------------------|----------------------------|---------------------------------------|---------------------------------------------|---------------------------------------------------|
| Initial Franchise Fee (See Note 1)      | \$20,000 - \$30,000        | Lump sum                              | At time of signing the Franchise Agreement. | Us                                                |

| <b>Column 1<br/>Type of<br/>expenditure</b>                                                               | <b>Column 2<br/>Amount</b>     | <b>Column 3<br/>Method of<br/>payment</b> | <b>Column 4<br/>When Due</b>                | <b>Column 5<br/>To whom<br/>payment is to<br/>be made</b> |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------|---------------------------------------------|-----------------------------------------------------------|
| Initial Advertising Deposit                                                                               | \$15,000                       | Lump sum                                  | When you begin construction at the Premises | NPF Inc.                                                  |
| Asset Transfer Fee                                                                                        | \$0 - \$10,000                 | Lump Sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Restaurant Building Costs (See Note 2)                                                                    | \$210,000 - \$1,250,000        | Dependent upon bank financing             | As agreed                                   | Suppliers, Lending Institutions                           |
| Restaurant Equipment & Technology (See Note 2)                                                            | \$125,000 - \$340,000          | As incurred                               | On ordering                                 | Suppliers                                                 |
| Soft Costs (see Note 3)                                                                                   | \$13,000 - \$30,000            | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Signage including Menuboard                                                                               | \$12,000 - \$108,000           | As incurred                               | On ordering                                 | Suppliers                                                 |
| Inventory (See Note 4)                                                                                    | \$4,000 - \$12,000             | As incurred                               | When delivered                              | Suppliers                                                 |
| Additional Funds - 3 Months (See Note 5)                                                                  | \$50,000 - \$120,000           | As incurred                               | As incurred                                 | Employees, suppliers, utilities, etc.                     |
| <b>TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs (see Note 2 and 6))</b> | <b>\$449,000 - \$1,915,000</b> |                                           |                                             |                                                           |

## 2. CONVERSION RESTAURANT

| <b>Column 1<br/>Type of<br/>expenditure</b>                                                               | <b>Column 2<br/>Amount</b>     | <b>Column 3<br/>Method of<br/>payment</b> | <b>Column 4<br/>When Due</b>                | <b>Column 5<br/>To whom<br/>payment is to<br/>be made</b> |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------|---------------------------------------------|-----------------------------------------------------------|
| Initial Franchise Fee (See Note 1)                                                                        | \$20,000 - \$30,000            | Lump sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Initial Advertising Deposit                                                                               | \$15,000                       | Lump sum                                  | When you begin construction at the Premises | National Production Fund                                  |
| Asset Transfer Fee                                                                                        | \$0 - \$10,000                 | Lump Sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Restaurant Building (See Note 2)                                                                          | \$325,000 - \$740,000          | Dependent upon bank financing             | As agreed                                   | Contractors, Suppliers, Lending Institutions              |
| Restaurant Equipment & Technology                                                                         | \$125,000 - \$340,000          | As incurred                               | On ordering                                 | Suppliers                                                 |
| Soft Costs (See Note 3)                                                                                   | \$50,000 - \$90,000            | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Signage including Menuboard                                                                               | \$30,000 - \$135,000           | As incurred                               | On ordering                                 | Us or Other Supplier                                      |
| Inventory (See Note 4)                                                                                    | \$4,000 - \$12,000             | As incurred                               | When delivered                              | Suppliers                                                 |
| Additional Funds - 3 Months (See Note 5)                                                                  | \$50,000 - \$120,000           | As incurred                               | As incurred                                 | Employees, suppliers, utilities, etc.                     |
| <b>TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs (see Note 2 and 6))</b> | <b>\$619,000 - \$1,492,000</b> |                                           |                                             |                                                           |

### 3. SITE BUILT RESTAURANT

| <b>Column 1<br/>Type of<br/>expenditure</b>                                                               | <b>Column 2<br/>Amount</b>     | <b>Column 3<br/>Method of<br/>payment</b> | <b>Column 4<br/>When Due</b>                | <b>Column 5<br/>To whom<br/>payment is to<br/>be made</b> |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------|---------------------------------------------|-----------------------------------------------------------|
| Initial Franchise Fee (See Note 1)                                                                        | \$20,000 - \$30,000            | Lump sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Initial Advertising Deposit                                                                               | \$15,000                       | Lump sum                                  | When you begin construction at the Premises | National Production Fund                                  |
| Asset Transfer Fee                                                                                        | \$0 - \$10,000                 | Lump Sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Restaurant Building (See Note 2)                                                                          | \$485,000 - \$815,000          | Dependent upon bank financing             | As agreed                                   | Contractors, Suppliers, Lending Institutions              |
| Restaurant Equipment & Technology                                                                         | \$125,000 - \$340,000          | As incurred                               | On ordering                                 | Suppliers                                                 |
| Soft Costs (See Note 3)                                                                                   | \$28,500 - \$190,000           | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Signage including Menuboard                                                                               | \$40,000 – \$100,000           | As incurred                               | On ordering                                 | Us or Other Supplier                                      |
| Inventory (See Note 4)                                                                                    | \$4,000 - \$12,000             | As incurred                               | When delivered                              | Suppliers                                                 |
| Additional Funds - 3 Months (See Note 5)                                                                  | \$50,000 - \$120,000           | As incurred                               | As incurred                                 | Employees, suppliers, utilities, etc.                     |
| <b>TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs (see Note 2 and 6))</b> | <b>\$767,500 - \$1,705,000</b> |                                           |                                             |                                                           |



#### 4. GAS/CONVENIENCE AND ENDCAP RESTAURANT

| <b>Column 1<br/>Type of<br/>expenditure</b>                                                               | <b>Column 2<br/>Amount</b> | <b>Column 3<br/>Method of<br/>payment</b> | <b>Column 4<br/>When Due</b>                | <b>Column 5<br/>To whom<br/>payment is to<br/>be made</b> |
|-----------------------------------------------------------------------------------------------------------|----------------------------|-------------------------------------------|---------------------------------------------|-----------------------------------------------------------|
| Initial Franchise Fee (See Note 1)                                                                        | \$20,000 - \$30,000        | Lump sum                                  | At time of signing the Franchise Agreement. | Us                                                        |
| Initial Advertising Deposit                                                                               | \$15,000                   | Lump sum                                  | When you begin construction at the Premises | National Production Fund                                  |
| Asset Transfer Fee                                                                                        | \$0 - \$10,000             | Lump Sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Restaurant Building Costs (See Note 2)                                                                    | \$85,000 - \$500,000       | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Restaurant Equipment & Technology (See Note 2)                                                            | \$125,000 - \$340,000      | As incurred                               | On ordering                                 | Suppliers                                                 |
| Soft Costs (See Note 3)                                                                                   | \$0 - \$42,250             | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Signage including Menuboard                                                                               | \$10,000 - \$65,000        | As incurred                               | On ordering                                 | Us or Other Supplier                                      |
| Inventory (See Note 4)                                                                                    | \$4,000 - \$12,000         | As incurred                               | When delivered                              | Suppliers                                                 |
| Additional Funds - 3 Months (See Note 5)                                                                  | \$50,000 - \$120,000       | As incurred                               | As incurred                                 | Employees, suppliers, utilities, etc.                     |
| <b>TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs (see Note 2 and 6))</b> | \$309,000<br>\$1,134,250   |                                           |                                             |                                                           |

## 5. IN-LINE RESTAURANT IN HIGH DENSITY MARKET

| <b>Column 1<br/>Type of<br/>expenditure</b>                                                               | <b>Column 2<br/>Amount</b>     | <b>Column 3<br/>Method of<br/>payment</b> | <b>Column 4<br/>When Due</b>                | <b>Column 5<br/>To whom<br/>payment is to<br/>be made</b> |
|-----------------------------------------------------------------------------------------------------------|--------------------------------|-------------------------------------------|---------------------------------------------|-----------------------------------------------------------|
| Initial Franchise Fee (See Note 1)                                                                        | \$20,000 - \$30,000            | Lump sum                                  | At time of signing the Franchise Agreement. | Us                                                        |
| Initial Advertising Deposit                                                                               | \$15,000                       | Lump sum                                  | When you begin construction at the Premises | National Production Fund                                  |
| Asset Transfer Fee                                                                                        | \$0 - \$10,000                 | Lump Sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Restaurant Building Costs (See Note 2)                                                                    | \$395,000 - \$477,250          | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Restaurant Equipment & Technology (See Note 2)                                                            | \$125,000 - \$340,000          | As incurred                               | On ordering                                 | Suppliers                                                 |
| Soft Costs (See Note 3)                                                                                   | \$27,500 – \$33,000            | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Signage including Menuboard                                                                               | \$15,000 - \$18,000            | As incurred                               | On ordering                                 | Us or Other Supplier                                      |
| Inventory (See Note 4)                                                                                    | \$4,000 - \$12,000             | As incurred                               | When delivered                              | Suppliers                                                 |
| Additional Funds - 3 Months (See Note 5)                                                                  | \$50,000 - \$120,000           | As incurred                               | As incurred                                 | Employees, suppliers, utilities, etc.                     |
| <b>TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs (see Note 2 and 6))</b> | <b>\$651,500 – \$1,055,250</b> |                                           |                                             |                                                           |

## 6. NON-TRADITIONAL, WALMART, OR SPORTS ARENA RESTAURANT

| <b>Column 1<br/>Type of<br/>expenditure</b>                                                               | <b>Column 2<br/>Amount</b>   | <b>Column 3<br/>Method of<br/>payment</b> | <b>Column 4<br/>When Due</b>                | <b>Column 5<br/>To whom<br/>payment is to<br/>be made</b> |
|-----------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------------|---------------------------------------------|-----------------------------------------------------------|
| Initial Franchise Fee (See Note 1)                                                                        | \$15,000 - \$30,000          | Lump sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Initial Advertising Deposit                                                                               | \$15,000                     | Lump sum                                  | When you begin construction at the Premises | National Production Fund                                  |
| Asset Transfer Fee                                                                                        | \$0 - \$10,000               | Lump Sum                                  | At time of signing the Franchise Agreement  | Us                                                        |
| Restaurant Building Costs (See Note 2)                                                                    | \$0 - \$149,000              | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Restaurant Equipment & Technology (See Note 2)                                                            | \$125,000 - \$340,000        | As incurred                               | On ordering                                 | Suppliers                                                 |
| Soft Costs (See Note 3)                                                                                   | \$0 - \$30,000               | Dependent upon bank financing             | Dependent upon bank financing               | Contractors, Suppliers, Lending Institutions              |
| Signage including Menuboard                                                                               | \$5,000 - \$30,000           | As incurred                               | On ordering                                 | Us or Other Supplier                                      |
| Inventory (See Note 4)                                                                                    | \$4,000 - \$12,000           | As incurred                               | When delivered                              | Suppliers                                                 |
| Additional Funds - 3 Months (See Note 5)                                                                  | \$50,000 - \$120,000         | As incurred                               | As incurred                                 | Employees, suppliers, utilities, etc.                     |
| <b>TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate and related costs (see Note 2 and 6))</b> | <b>\$214,000 - \$736,000</b> |                                           |                                             |                                                           |

NOTE 1 See description of the initial franchise fee in Item 5 of this franchise disclosure document.

NOTE 2

Chart 1: Modular Design Drive-Thru Restaurant. The “Restaurant Building” line item reflects our estimate of the cost of constructing a modular drive-thru restaurant which is manufactured and shipped to the Premises, with an estimated size of approximately 700 or 1,008 square feet for the building on a site of approximately 19,080 to 30,000 square feet. The “Restaurant Building” estimate includes the cost of the building, building shipping and building assembly. This estimate also includes site development costs for on-site construction which vary considerably, depending on factors such as the condition of the premises when possession is delivered to you by the seller or landlord, site-specific requirements, and material and labor costs variations due to your region and specific location.

Chart 2: Conversion Restaurant. The “Restaurant Building” line item reflects our estimate of the cost of converting a freestanding drive-thru restaurant of another brand or other retail building to a Checkers Restaurant or Rally's Restaurant. The estimated size of the building is 1,008 to 3,000 square feet and estimated size of the lot is 19,080 to 30,000 square feet. This estimate includes site development costs using conventional construction methods, which may vary considerably depending on factors such as the condition of the premises when possession is delivered to you by the seller or landlord, site-specific requirements, material and labor costs, and variations depending on your region and your specific location.

Chart 3: Site Built Restaurant. The “Restaurant Building” line item reflects our estimate of the cost of constructing a drive-thru restaurant of approximately 700 or 1,008 square feet for the building on a site of approximately 19,080 to 30,000 square feet. This estimate includes site development costs using conventional construction methods, which may vary considerably depending on factors such as the condition of the premises when possession is delivered to you by the seller or landlord, site-specific requirements, material and labor costs, and variations depending on your region and your specific location.

Chart 4: Endcap Restaurant. The “Restaurant Building” line item reflects our estimate of the cost of constructing an endcap restaurant in a strip-center, gas station or convenience store. This estimate includes site development costs using conventional construction methods, which may vary considerably depending on factors such as the condition of the premises when possession is delivered to you by the seller or landlord, site-specific requirements, material and labor costs, and variations depending on your region and your specific location. The estimated size of the restaurant is 1,500 to 3,000 square feet.

Chart 5: In-Line Restaurants in High Density Markets. The “Restaurant Building” line item reflects our estimate of the cost of constructing a restaurant at an in-line location without any drive-thru in a high-density market. This estimate includes site development costs using conventional construction methods, which may vary considerably depending on factors such as the condition of the premises when possession is delivered to you by the seller or landlord, site-specific requirements, material and labor costs, and variations

depending on your region and your specific location. The estimated size of the restaurant is 1,200 to 3,500 square feet.

*Chart 6: Non-Traditional, Walmart, or Sports Arena Restaurant.* The “Restaurant Building” line item reflects our estimate of the cost of constructing a restaurant at a Non-Traditional Site, Walmart, or a sports arena. This estimate includes site development costs using conventional construction methods, which may vary considerably depending on factors such as the condition of the premises when possession is delivered to you by the seller or landlord, site-specific requirements, material and labor costs, and variations depending on your region and your specific location. The estimated size of the restaurant is 1,200 to 3,500 square feet.

The “Restaurant Equipment & Technology” line item reflects our estimate of the cost of equipment and technology, which includes a POS system, back-office computer system, and associated hardware and software.

- NOTE 3 This estimate includes soft costs such as due diligence, surveys, fees for architects and engineers, permit, and impact fees, which vary by your region and specific location. If you construct an endcap restaurant in a strip-center, retail gas station or convenience store with a single drive-thru, we do not anticipate that you will incur many of these costs as the Premises of the restaurant will already be established.
- NOTE 4 This estimate is net of supplier discounts of approximately \$4,000 on the initial order of food products and supplies.
- NOTE 5 This is an estimate, based on our experience of opening and operating Restaurants (including actual restaurant openings during the last 3 years), of your pre-opening expenses and working capital requirements for the first 3 months of operations. Pre-opening expenses are estimated to range between \$10,000 and \$40,000 and include such items as professional fees, organizational expenses, salaries during training, travel, living and miscellaneous expenses while attending training, utility deposits and salaries for a manager and some crew members during the 30-day period before opening. Working capital for the first 3 months are estimated to range between \$30,000 and \$60,000 and include general operating expenses, such as lease payments, inventory, payroll, payroll expenses, facility expenses, insurance, pest control, security, repairs and maintenance and complimentary sales and other costs. These figures are estimates and we cannot assure you that you will not have additional expenses in starting the Franchised Restaurant. Your actual cost will depend on factors such as your management skill, experience and business acumen; local economic conditions; the local market for the Franchised Restaurant; the prevailing wage rate; competition in the market place; and the sales level reached during the start-up phase. These amounts do not include any estimates for any debt service.
- NOTE 6 The chart provides an estimate of your initial investment for a Checkers Restaurant or Rally's Restaurant on a leased site. The total estimated initial investment does not include real estate and related costs. We are unable to

estimate the cost of purchasing and developing a site for a Restaurant, as it will vary considerably depending on such factors as the location and size of the site and the local real estate market.

Except as otherwise noted, none of these payments are refundable. These payments are only estimates and your costs may be higher, depending on your particular circumstances. We do not offer any financing for your initial investment.

If you purchase an existing company-owned Checkers Restaurant or Rally's Restaurant, you may have to make a greater or smaller investment, depending on the circumstances, than the estimated initial investment shown above. The price and terms of payment for that Checkers Restaurant or Rally's Restaurant will be established by mutual agreement. You also will pay a \$10,000 asset transfer fee in addition to the initial franchise fee for that location.

If we agree to grant you development rights, then you and we will enter into a Development Agreement which requires you to pay a development fee of \$10,000 per restaurant to be developed (a minimum of 2). Under the Development Agreement, you are required to pay the then-current standard initial franchise fee for each Restaurant you are required to develop under a Development Agreement; however, \$10,000 of the development fee is credited to the initial franchise fee payable for each Restaurant you are required to open under the Development Agreement until the development fee is credited in full. In addition to the costs above for your first Restaurant and the Development Fee, you will incur additional initial franchise fees and additional costs and expenses during the term of the Development Agreement as you open the remaining number of Restaurants required under the Development Agreement. Those additional costs of development may increase over the term of the Development Agreement based on inflation and other economic factors.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Generally**

To ensure that high and uniform standards of quality and service are maintained, you are required to operate your Franchised Restaurant in strict conformity with our methods, standards and specifications and you are required to purchase goods, services, supplies, fixtures, equipment and inventory only from suppliers we have approved. You are not required to purchase or lease anything from us or any of our affiliates; however, we and our affiliates can be approved suppliers for items. Currently, we are not an approved supplier for any items except that we may from time to time sell used modular restaurants and restaurant equipment to Checkers and Rally's franchisees. We estimate the initial cost of all of required purchases and leases of goods, services, supplies, fixtures, equipment and inventory to be in excess of 95% of your total initial investment (see Item 7). We estimate the ongoing cost of these required purchases and leases to be in excess of 95% of your total ongoing operating expenses.

We may formulate and modify, at our sole discretion, specifications and standards we impose on franchisees and suppliers. Specifications and standards are issued to franchisees

through the Operations Manual (defined below) and to suppliers by written notice. The "Operations Manual" is our confidential operations manual, as we may amend at any time, which may consist of one or more manuals or communications, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Restaurants and other information relating to your obligations as a franchisee and operator of a Restaurant. The term "Operations Manual" also includes all instructions or communications we or our representatives may transmit to you or a substantial number of franchisees, whether in writing or through other media, concerning aspects or modifications to the System, standards, specifications and operating procedures, including bulletins, emails, limited access intranet sites, videotapes, audio tapes, or any other electronic medium. We attempt to negotiate purchase arrangements with suppliers (including price terms) for the benefit of all Restaurants, including those owned by franchisees. We do not provide material benefits (e.g., renewal or additional franchises) to a franchisee based on his use of designated or approved suppliers.

There are no franchisee purchasing or distribution cooperatives.

None of our officers own an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers, of the Checkers or Rally's franchise systems. From time to time, our officers may own non-material interests in publicly-held companies that may be suppliers (or have subsidiaries that may be suppliers) to Restaurants; however, we have an internal "Conflict of Interest Policy" that prohibits officers and employees from using our property, position, or information for improper and unusual personal gain.

### **Items We Supply or Derive Revenue From**

We and our affiliates may receive revenues from required purchases and leases of products and services by franchisees. The revenues are collected by approved suppliers or distribution centers on behalf of the system and are paid to us. Our total revenues for the fiscal year which ended December 29, 2025 were \$269,895,589 of which \$5,385,149 or 2.0% were revenues from required purchases and leases of products and services by franchisees. Our total revenue from franchisee purchases includes \$1,296,426 in gross revenue from subleases with franchisees. We generally collect rent as a pass through for landlords on the underlying lease but may earn a profit. We did not earn any profit from subleases during our 2025 fiscal year.

Our affiliate, CDSI, also earned \$4,839,795 in gross revenue from required purchases and leases of products and services by franchisees during our 2025 fiscal year.

Other than CDSI and NPF (see below), none of our affiliates derived any revenue or other material considerations from required franchisee purchases or leases during the fiscal year ended December 29, 2025.

Suppliers may pay us rebates or allowances based on purchases by Checkers and Rally's franchisees and by us for our company-owned Checkers Restaurants and Rally's Restaurants. The payments may vary from supplier to supplier, and in some cases, the basis for the payment varies over time with respect to the same supplier. Suppliers who exhibit at our conventions contribute to the cost of the conventions.

In the fiscal year ended December 29, 2025, one supplier provided allowances directly to Checkers Restaurants and Rally's Restaurants, their affiliates, as well as the NPF, based in large part on the amount of sales to all Checkers Restaurants and Rally's Restaurants. For each participating Checkers Restaurant and Rally's Restaurant (whether company-owned or franchised), the supplier paid a fixed dollar amount per gallon of beverage syrup directly to each participating restaurant, and paid a fixed dollar amount per gallon of beverage syrup to the NPF. NPF earned \$556,511 in revenue from required purchases of beverage syrup by franchisees during our 2025 fiscal year.

### **Site Selection**

You must select a site for your Franchised Restaurant that conforms to our standard site selection criteria and that we accept or reject pursuant to our standard franchise site package (see Item 11).

### **Purchase and Lease of Premises**

We have the right to approve the terms of any lease, sublease or purchase contract for the Premises of your Franchised Restaurant. Any lease or sublease for the Premises must contain certain provisions detailed in our required form of franchise addendum to lease agreement (the "Lease Addendum"), the current form of which we include as an exhibit attached to the Franchise Agreement.

If we agree to sublease the Premises to you, you are required to pay the rent under the sublease to the landlord of the Premises, along with the related occupancy costs, which include property taxes, insurance, maintenance and structural repairs. We derive revenue from this subleasing arrangement, as detailed in Item 6.

### **Development of the Premises**

You are responsible for developing your Franchised Restaurant, for all expenses associated with it and for compliance with the requirements of any applicable federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act ("ADA") or similar rules governing public accommodations for persons with disabilities. You must exercise every reasonable effort to obtain all necessary governmental approvals for the development of the Franchised Restaurant in accordance with applicable laws. At your request, we will provide you with prototype plans, or other design materials, concerning build out for a Restaurant, for which we may require you to pay a fee. (Currently, none.) The plans are supplied as a draft only for your use in developing a final set of plans for construction of the Franchised Restaurant. You may modify those prototype plans only as required to ensure that the plans and all specifications comply with all applicable federal, state and local codes and regulations, ordinances, building codes and permit requirements and any lease requirements and restrictions. You may not make modifications to the dimensions or the exterior design of the building without our specific authorization. You must submit all modified plans and specifications to us for our approval before seeking municipal approval to develop the Premises. Our review and approval of your plans are not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is your sole responsibility. At our request, you must submit all revised or "as built" plans and specifications. All development must be in accordance with the plans and specifications we have approved, and must comply with all applicable laws,



ordinances and local rules and regulations. The architect and/or general contractor you use to design and construct the Franchised Restaurant must be approved by us in writing. Any architect, general contractor or other builders you use must be licensed and maintain architect's, builder's and/or contractors insurance (as applicable). Our approval of any architect, general contractor or other builders that you use to design or construct the Franchised Restaurant is not a representation or warranty of any kind, express or implied, of the architect's, general contractor's or other builder's qualifications or competence in designing or constructing the Franchised Restaurant. Our approval indicates only that we believe that the architect, general contractor or other builder meets our then acceptable criteria. All prototype plans and other plans and specifications for the Franchised Restaurant will be our sole and exclusive property, and you may claim no interest in them.

### **Purchase or Lease of Equipment, Furniture, Fixtures and Signs**

You must purchase or lease only those types, brands and models of fixtures, furniture, equipment (including modular buildings), signs and supplies that we approve for Restaurants as meeting our specifications and standards. You must purchase or lease approved types, brands, or models of fixtures, furniture, equipment, signs and supplies only from suppliers we approve. All fixtures, furniture, equipment, signs and supplies you purchase must be in "new" condition unless we permit otherwise in writing.

### **Suppliers, Products, Services, Beverages, Supplies and Materials**

You will use in the development and operation of the Franchised Restaurant and/or offer for sale at the Franchised Restaurant only food products, beverages, ingredients, uniforms, packaging materials, menus, forms, labels, equipment, smallwares and other supplies and other products and services that conform to our specifications and quality standards and/or are purchased from suppliers, distributors and service providers (collectively, "supplier" or "suppliers") we approve (which may include us and/or any of our affiliates). We may modify the list of approved brands and/or suppliers. After notice of such modification, you may not reorder any brand or from any supplier that is no longer approved.

If you propose to use any brand or supplier that is not then approved by us, you must first notify us by completing and submitting our standard request form, along with all attachments and, at our request, any additional information, which may include specifications and samples concerning such brand and/or supplier so that we can decide whether such brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs (currently, we charge only our out of pocket expenses). We will notify you of our decision within a reasonable period of time not to exceed 60 days. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require to be incorporated in a written agreement. We may impose limits on the number of suppliers and/or brands for any of the foregoing items and set required, optional or test menu items. We will make available our then current supplier criteria to you, as necessary, upon request if we are asked to evaluate and approve a new supplier, item, or service for use with the System. We may revoke our approval of any supplier by notifying the supplier and you in writing.

## **Specifications, Standards and Procedures**

Each aspect of the interior and exterior appearance, layout, decor, services, equipment and operation of your Franchised Restaurant is subject to our specifications and standards. You must comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written communication) relating to the appearance, function, cleanliness and operation (including days and hours of operation) of a Restaurant.

## **Advertising**

You must submit to us for our prior approval, samples of all advertising and promotional materials not prepared or previously approved by us and that vary from our standard advertising and promotional materials. You may not use any advertising or promotional materials that we have disapproved.

You may not promote, offer or sell any products or services relating to your Franchised Restaurant, nor use any of the Marks (defined in Item 13 below), through the Internet without our consent, which consent may be withheld for any reason or no reason. In connection with any such consent, we may establish such requirements as we deem appropriate, including (a) obtaining our prior written approval of any Internet domain name and home page addresses; (b) submission for our approval of all Web site pages, materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and (e) obtaining our prior written approval of any modifications.

## **Gift Card and Similar Programs**

You must issue and honor/redeem gift certificates, coupons, and gift, loyalty, and affinity cards for Restaurants and participate in, and comply with the requirements of, our gift card and other customer loyalty, affinity, and similar programs.

## **Delivery Program**

If you are qualified and elect to participate in our optional Delivery Program, you must only offer the Delivered Products we authorize and use the DSPs that we appoint. You must also purchase a printer from a supplier that we approve, which will be used to operate the Delivery Program from the Franchised Restaurant.

## **Order Ahead Program**

If you are qualified and elect to participate in our optional Order Ahead Program, you must only offer the Order Ahead Products we authorize and use the service providers that we appoint. Currently, we require that you use our preferred vendor, Olo, if you enter the Order Ahead Program.

## **Insurance**

During the term of the Franchise Agreement, you must maintain the following categories of insurance coverage in force at your sole expense, all containing at least the following minimum amounts of liability coverage: (a) general liability (\$1,000,000 per

occurrence and \$2,000,000 aggregate); (b) automobile (\$1,000,000 combined single limit) for owned and hired, non-owned liability; (c) umbrella liability (\$5,000,000 per occurrence and aggregate) with employer's liability, general liability, and automobile liability scheduled as underlying policies; (d) property covering the Franchised Restaurant and personal property in an amount 100% of the full replacement cost of the Franchised Restaurant and personal property, and business income coverage covering 12 months of actual loss sustained; (e) workers' compensation (as required by statute); (f) employer's liability (\$1,000,000/\$1,000,000/\$1,000,000); (g) employment practices liability (\$1,000,000 per occurrence and aggregate limit); (h) cyber insurance (\$1,000,000 per occurrence and aggregate limit); and (i) any other insurance policies as we may determine from time to time.

All insurance policies must: (1) be issued by carriers we approve with an A.M. Best Rating of not less than A VII; (2) contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe from time to time; (3) name us and our affiliates as additional insured; (4) provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of such policy; (5) provide a waiver of subrogation in favor of us and our affiliates; and (6) include such other provisions as we may require. The minimum amount of liability coverage we prescribe in no way limits your liability to those minimum amounts. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must be primary to and without right of contribution from any other insurance policy purchased by us, our affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively, "indemnitees"); must not limit or reduce coverage for you if there is a claim by us or any one or more of the other indemnitees; and must extend to and provide indemnity for all of your indemnification obligations to us and the other indemnitees.

### **Accounting and Records**

You must record all sales on electronic cash registers designated or approved by us. You may be required to use computer-based cash registers which are fully compatible with our computer system and which include an information interface capability to communicate electronically with our computer system. We may require you to obtain equipment, software and/or services to facilitate communications between your computer-based cash registers and our computer system. We have the right to use the data we collect for any purpose, except that we shall not provide financial data to third parties, outside of our system or network, in such a form that readily identifies the Franchised Restaurant, unless we are required to do so by law, regulation, or order. If we require you to use proprietary software, you agree to execute and comply with such software license agreements as we deem necessary to protect our interests, and you agree to pay such license, training, and maintenance fee as we deem reasonably appropriate.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other Items of this Franchise Disclosure Document.**

| OBLIGATION                                                   | SECTION IN AGREEMENT                                                                                                                       | DISCLOSURE DOCUMENT ITEM |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| a. Site selection and acquisition/lease                      | Sections 3.01, 3.02, 3.03, and Exhibit B of the Franchise Agreement; and Sections 3.01 and 3.02 and Exhibit A of the Development Agreement | Items 7, 8 and 11        |
| b. Pre-opening purchases/leases                              | Sections 3.03, 3.04 and 3.05 of the Franchise Agreement                                                                                    | Items 6, 7, 8 and 11     |
| c. Site development and other pre-opening requirements       | Sections 3.01, 3.02, 3.03, 3.04, 3.05 and 3.06 of the Franchise Agreement                                                                  | Items 6, 7, 8 and 11     |
| d. Initial and ongoing training                              | Section 4 of the Franchise Agreement                                                                                                       | Item 11                  |
| e. Opening                                                   | Sections 3.06 and 3.07 of the Franchise Agreement                                                                                          | Item 11                  |
| f. Fees                                                      | Section 6 of the Franchise Agreement; Sections 2.01 and 3.02 of the Development Agreement                                                  | Items 5, 6 and 7         |
| g. Compliance with Standards and Policies/Operations manuals | Sections 4.03 and 9 of the Franchise Agreement                                                                                             | Items 8 and 11           |
| h. Trademarks and proprietary information                    | Sections 5, 7.01 and 7.03 of the Franchise Agreement; Sections 5.03 and 6.01 of the Development Agreement                                  | Items 13 and 14          |
| i. Restrictions on products/services offered                 | Sections 9.01, 9.02, 9.03, 9.04, and 9.05 of the Franchise Agreement                                                                       | Item 16                  |
| j. Warranty and customer service requirements                | Not applicable                                                                                                                             | Not applicable           |
| k. Territorial Development and Sales Quotas                  | Section 2.03 of the Development Agreement                                                                                                  | Item 11                  |

| <b>OBLIGATION</b>                                      | <b>SECTION IN AGREEMENT</b>                                                                                                   | <b>DISCLOSURE DOCUMENT ITEM</b> |
|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| l. Ongoing product/service purchases                   | Sections 9.03 and 9.04 of the Franchise Agreement                                                                             | Item 8                          |
| m. Maintenance, appearance and remodeling requirements | Sections 3.03, 3.04, 9.01 and 9.04 of the Franchise Agreement                                                                 | Not applicable                  |
| n. Insurance                                           | Section 9.07 of the Franchise Agreement                                                                                       | Item 8                          |
| o. Advertising                                         | Sections 3.06 and 10 of the Franchise Agreement                                                                               | Items 6, 7, 8 and 11            |
| p. Indemnification                                     | Section 17.02 of the Franchise Agreement and Section 5.02 of the Development Agreement                                        | Item 6                          |
| q. Owners' participation/management/staffing           | Sections 8.03, 9.06 and Section 4.02, 4.03 and Exhibit B of the Development Agreement                                         | Item 15                         |
| r. Records/reports                                     | Section 11 of the Franchise Agreement                                                                                         | Item 8                          |
| s. Inspections/audits                                  | Section 12 of the Franchise Agreement                                                                                         | Section 6                       |
| t. Transfer                                            | Section 13 of the Franchise Agreement; Section 7 of the Development Agreement                                                 | Items 6 and 17                  |
| u. Renewal                                             | Section 15 of the Franchise Agreement                                                                                         | Items 6 and 17                  |
| v. Post-termination obligations                        | Section 16 of the Franchise Agreement and Section 9 of the Development Agreement                                              | Item 17                         |
| w. Non-competition covenants                           | Sections 7.02, 13.02(l) and 16.03 of the Franchise Agreement and Sections 6.02, 7.02(h) and 9.02 of the Development Agreement | Item 17                         |
| x. Dispute resolution                                  | Section 18 of the Franchise Agreement and Section 10 of the Development Agreement                                             | Item 17                         |
| y. Owner's/Shareholders Guaranty                       | Exhibit to the Franchise Agreement and the Development Agreement                                                              | Item 15                         |

## **ITEM 10 FINANCING**

We do not offer direct or indirect financing to franchisees. We do not guarantee your notes, leases or other obligations.

## **ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

### **Pre-Opening Obligations**

We will provide the following pre-opening assistance:

1. We will provide guidance to you in locating and developing the Franchised Restaurant as we deem appropriate. (Franchise Agreement, Sections 3.02 and 3.03);

If you have suggested a location for the Franchised Restaurant which we approve before or concurrently with the execution of the Franchise Agreement, the location will be identified in the Franchise Agreement. If we and you have not agreed upon an approved location for the Franchised Restaurant before signing the Franchise Agreement, then you must select a site for the Franchised Restaurant within the geographic area we designate ("Designated Area"). You must, within 180 days after the date of the Franchise Agreement, locate and submit for our approval a site acceptable to us within the Designated Area for the Franchised Restaurant. We will approve or disapprove each site that you propose according to our general criteria for selection of a Checkers Restaurant or Rally's Restaurant site. The site must meet our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, nature and viability of other businesses (including other Checkers and Rally's Restaurants); size; appearance; and other physical and commercial characteristics. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. We will provide you with our standard site selection criteria and on-site evaluations of sites, as we deem appropriate. Our approval of any site or lease does not constitute a warranty or representation by us as to the suitability of the site or lease, and we will not be liable for any loss or damages resulting from your site selection or lease approval. If you lose control of the property where the Franchised Restaurant is located, you may relocate the restaurant to a new site approved by us, subject to our then current site selection criteria and procedures. If you enter into a Development Agreement with us, you must select sites within your specified Development Area and we will approve them in accordance with our then current criteria for selection of a Checkers Restaurant or Rally's Restaurant

site.

Before you acquire, by lease or purchase, any site for your Restaurant, you must submit a franchise site package to us in the form, content and substance as we then require. We will review each site package and determine whether to accept or reject the site after considering factors we deem appropriate, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other restaurants and food establishments, and size, configuration, appearance and other physical characteristics of the site. We will use reasonable efforts to approve or disapprove the proposed site within 30 days after receiving your written proposal. Upon our approval of a site, we will insert the address into Exhibit B of the Franchise Agreement, and it will be the Premises. Within 60 days after our approval of a site for the Premises, you agree to deliver a copy of the fully signed lease, sublease or purchase contract and the franchise addendum to lease agreement. In some cases, we may sublease the Premises to you, but we do not typically do so.

You must apply for all requisite government approvals and permits to develop the Premises within 60 days after you sign the proposed lease, sublease or purchase agreement. You must complete construction or installation of the Franchised Restaurant within 180 days from receipt of all government approvals and permits. You must open the Franchised Restaurant within 14 days after the date construction or installation is completed, or, for those Restaurants that received training support from us, within 19 days after the date construction or installation is completed.

If, after expending good faith best efforts (as we determine in our sole judgment), you are unable to comply with the time periods required to either locate or secure a site for your Franchised Restaurant, or you are unable to obtain all required approvals and permits or timely complete construction of the Restaurant, then we may grant you a one-time extension in our sole discretion. If we grant you an extension, you must pay the extension fee as described in Item 6. If you are unable to locate or secure a site we approve for your Franchised Restaurant, we may terminate the Franchise Agreement.

2. We will provide initial training to you (or your Operating Partner) and your manager. This training is described in detail later in this Item. (Franchise Agreement, Section 4.01);
3. We will provide you with access to the Operations Manual (Franchise Agreement, Section 4.03); and
4. Provide you mandatory and suggested specifications and layouts for Franchised Restaurants, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. (Franchise Agreement – Sections 3.04 and 3.05)
5. As discussed in Item 8, identify certain products and services, equipment and supplies that you must use to develop and operate your Franchised

Restaurant, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Franchise Agreement – Sections 3.05, 9.03 and 9.04)

6. If you have not previously owned or managed a Restaurant, we will provide you with opening assistance in beginning operations (Franchise Agreement, Section 3.07).

### **Typical Length of Time before You Open Your Franchised Restaurant**

We estimate the time from the date you sign the Franchise Agreement to the date you open your Franchised Restaurant to be between 18 and 22 months. However, this time estimate may vary depending on numerous factors including location, local ordinances and regulations, construction schedules and financing. Your Franchised Restaurant must be open and operating within 180 days from receipt of all government approvals and permits. If you develop multiple Restaurants, we may require that the first Franchised Restaurant be open and in operational good standing for at least 6 months prior to the opening of the second Franchised Restaurant.

### **Continuing Obligations**

We will provide the following assistance during the operation of your Franchised Restaurant:

1. We will provide periodic guidance to you with regard to the System, including improvements and changes (Franchise Agreement, Section 4.02);
2. We will periodically modify the Operations Manual to reflect changes in standards, specifications and operating procedures (Franchise Agreement, Section 4.03);
3. We will periodically issue specifications, standards, methods and operating procedures for Restaurants (Franchise Agreement, Section 9); and
4. We or our affiliate, NPF Inc., may administer a National Production Fund (the “NPF”) for the development of advertising and related programs and materials (Franchise Agreement, Section 10.01).
5. We are not obligated to, but may in our sole discretion, establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services (Franchise Agreement Section 9.11).

### **Advertising**

#### **National Production Fund**

We have established and administer the NPF for the creation and production of marketing materials and preparation of advertising campaigns. The NPF is currently incorporated and operated through NPF Inc. NPF Inc. has all of the rights and duties described



here. In addition to the Initial Advertising Deposit described in Item 5, you must contribute to the NPF amounts that are established by us from time to time, not to exceed 3% of Net Sales, which are payable monthly in the same manner as the royalty fees due under the Franchise Agreement when previous month's Net Sales are available, but no later than the 20<sup>th</sup> day of the month. As of the issuance date of this Franchise Disclosure Document, you must contribute a monthly advertising fee (currently, 2.65%, but can be increased up to 3.0% of your Net Sales) to the NPF depending on the geographical area where your Franchised Restaurant is located (See Note 5 in Item 6). Other domestic franchisees contribute on the same basis to the NPF, except for certain operators of Rally's Restaurants operating under older forms of agreement. The NPF receives and administers monies from operators of Restaurants. All company-owned Checkers Restaurants and Rally's Restaurants also currently contribute on the same basis as franchisees to the NPF, but we and our affiliates are not obligated to do so (or to continue doing so throughout your franchise term). Some third party vendors also contribute to the NPF. The NPF does not spend any money on advertising that is principally a solicitation for the sale of new franchises. Neither we nor NPF, Inc. are required to spend any amount on advertising in your market area.

Neither we nor NPF, Inc. have created an advisory council and we and NPF, Inc. are not obligated to seek the advice of owners of Restaurants, including franchisees, by formal (e.g., advisory council or other representative body) or informal means with respect to the creative concepts and media used for programs financed by the NPF. However, because we value input from the franchise network, we (and/or NPF, Inc.) may choose to seek such advice from operators of Restaurants, and so have established a Franchisee Advisory Council that includes a marketing subcommittee. We appoint the members of the Franchisee Advisory Council, which includes both "Checkers" and "Rally's" franchisees. We have the right to change or dissolve these groups.

Currently, NPF, Inc. directs all programs that the NPF finances, including the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The NPF may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

Although the NPF is intended to maximize general recognition and patronage of the Marks for the benefit of all Restaurants, neither we nor NPF, Inc. can assure you that any particular Restaurant will benefit directly or pro-rata from the placement of advertising. The NPF may be used to pay for the cost of preparing and producing materials and programs we provide, including video, audio and written advertising and POP materials, and for the cost of employing advertising agencies and in house staff and supporting market research activities. Some of the same advertising materials created for or used by Checkers Restaurants may also be used by Rally's Restaurants. The NPF may furnish you with marketing, advertising and promotional materials (including POP materials) at cost, plus any related taxes and administrative, shipping, handling and storage charges.

The NPF for Restaurants will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead we or NPF, Inc. may incur in activities related to the administration of the NPF and its programs (which includes system wide incentive programs), including conducting market research, preparing marketing materials and advertising campaigns and collecting and accounting for contributions to the NPF. NPF, Inc. will use all interest earned on NPF contributions to pay costs before using the NPF's other assets. NPF, Inc. may spend in any fiscal year an amount greater or less than the aggregate contributions of all Restaurants to the NPF in that year, and the NPF may borrow from us or other lenders (paying reasonable interest) to cover deficits in the NPF, or invest any surplus for future use by the NPF. NPF, Inc. (with our assistance) will prepare annually an unaudited statement of monies collected and costs incurred by the NPF and furnish you a copy upon your written request.

NPF contributions may be used to pay for collection agents and institute legal proceedings to collect NPF contributions payable under the Franchise Agreement. Except as otherwise expressly provided in the Franchise Agreement, neither we nor NPF, Inc. assumes direct or indirect liability or obligation with respect to the maintenance, direction or administration of the NPF. We do not act as trustee or in any other fiduciary capacity with respect to the NPF.

Since NPF contributions are an obligation under the Franchise Agreement, we may, in our sole judgment, at any time upon 30 days' prior written notice to you, terminate or create a new NPF model. If the current NPF is terminated, all unspent monies will be distributed to Checkers and Rally's franchisees, and to us and our Affiliates, in proportion to their, and our, respective NPF contributions during the preceding 12 month period, or as otherwise provided by the organizational documents of the NPF.

The NPF may be used to promote other restaurant concepts that we or any of our affiliates own or franchise, and neither we nor NPF, Inc. will have liability for the allocation of funds of the NPF to any such other restaurant concepts.

NPF contributions are used to create and produce marketing and promotional materials, advertising campaigns and related programs. The NPF makes available these materials and campaigns to Restaurants and advertising cooperatives. The Restaurants and advertising cooperatives are responsible for placing and buying these materials and campaigns with various media, including television, radio, magazine, newspaper, billboards, transit and aerial advertising. The advertising materials and campaigns are developed by our in-house advertising department.

For the fiscal year ended December 29, 2025, 16% of the NPF fund was used to pay for production, which includes development and production of advertising and promotional materials; 12% was used on digital and social media; 9% was used on research and development; 55% was used on field marketing activities; 1% was used on marketing technology; 3% on eCommerce maintenance; 3% on administrative expenses; and 3% was used for outside services.

## **Advertising Cooperatives**

We have the right to establish local and/or regional advertising cooperatives for Checkers Restaurants and/or Rally's Restaurants in your local or regional area, covering such geographical areas as we may designate from time to time. Currently, geographical areas for co-ops are determined by our marketing department and we implement a co-op if we determine in our sole discretion that a percentage of Net Sales of all Restaurants in the area can buy sufficient media (traditional or digital) in some appropriate combination. We have the right in our sole discretion to form, change, dissolve or merge advertising cooperatives.

You must participate in such advertising cooperatives and its programs and abide by its by-laws. You must contribute such amounts to the advertising cooperative(s) as they determine from time to time in accordance with their by-laws. In circumstances that reasonably may warrant varied participation or contribution levels among certain members (for example, restaurants at Non-Traditional Sites that generally receive less benefit from a cooperative's local advertising), we may attempt to work with the cooperative's membership to revise its by-laws or other policies, as we deem appropriate. Any Restaurants owned by us or any of our affiliates located in such designated local or regional area(s) will contribute to the cooperative(s) on the same basis. Contributions to local and regional advertising cooperatives are credited toward the 4.5% advertising expenditures required by the Franchise Agreement; however, if we provide you and your local and/or regional advertising cooperative 90 days' notice of a special promotion, you must participate in such promotion and pay to us any advertising fees assessed in connection with the promotion, beginning on the effective date of such notice and continuing until such promotion is concluded. Any such regional advertising fees shall be in addition to, and not credited towards, the 4.5% advertising expenditure required by the Franchise Agreement.

The by-laws of your co-op are made available for you to review. The advertising cooperatives are independently administered with our assistance and assistance from an outside independent accounting firm. The financial statements of the advertising cooperatives and reports are available to you. Decisions of advertising cooperatives generally are made by majority vote based on one vote per restaurant. Accordingly, we may control the cooperative in certain areas where company-owned Restaurants constitute the majority. The cooperative contribution rates are generally 1.85% of Net Sales and they are subject to change at any time pursuant to changes in the NPF contribution rate, the by-laws and/or vote of the cooperative or its governing members or executives. Some franchisees in a cooperative may contribute at a rate that varies from the standard contribution rate for the other franchisees in that cooperative if permitted or authorized by the cooperative, pursuant to the by-laws and/or rules of the particular cooperative, and/or by vote of the cooperative or its governing members or executives. By way of example, franchisees of Restaurants operating, or that will operate, within or at Walmart stores or other Non-Traditional Sites (as we may determine, in our sole discretion) may pay a lower contribution level to their local cooperatives than the general membership because, among other reasons, such restaurants often cater to separate customer flow not driven primarily by the promotions and campaigns executed by those franchisees' local cooperatives.

The 2026 cooperative contribution rates are currently 1.85% for all cooperatives, except in Chicago and New York (where the current rate is 0%) and Orlando (where the current rate is 2%). The contribution rates which subject to change.

Advertising conducted by the cooperatives may be in various media, including out of home, linear TV, terrestrial/streaming radio, connected TV, online video, digital display, paid search, programmatic digital, and social media, or other mediums as become available. The advertising is developed by our internal team or independent advertising firms, at the direction of our in-house advertising department.

We will not require you to spend more than 4.5% of Net Sales during each of your fiscal quarters on advertising and promoting the Franchised Restaurant, however, your advertising spending could exceed this amount if you are a member of a local or regional advertising cooperative whose required contribution rate, when added to your required advertising spending obligations (including contributions to the NPF), exceeds four and one-half percent (4.5%) of Net Sales.

### **Your Local Advertising**

If your contributions to the NPF and, if applicable, your local and regional advertising cooperative are less than 4.5% of Net Sales on a monthly basis, you must spend an amount equal to the difference between 4.5% of your Net Sales and the amounts you contributed to the NPF and your local and regional advertising cooperative to advertise and promote the Franchised Restaurant. Alternatively, we may, at our option, require you to contribute to this amount to the Franchisee Advertising Association. You must participate at your own expense in all advertising, promotional and marketing programs that we require. You must send us monthly reports of your marketing expenditures. All materials used for any and all local placement and advertising must be approved by us in advance of use.

There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your geographic area. We have the right to require you to use one or more required suppliers for your local advertising and to require you to spend all or a portion of the required money you must spend on local advertising with required suppliers. If we require you to contribute to an advertising purchasing collective, we will provide you with an accounting of the amount spent in your designated marketing area.

### **Computer Hardware and Software**

You must record all sales on electronic cash registers designated or approved by us. You may be required to use computer-based cash registers which are fully compatible with our computer system and which include an information interface capability to communicate electronically with our computer system. We may require you to obtain equipment, software, and/or services to facilitate communications between your computer-based cash registers and our computer system. If we require you to use proprietary software, you must execute and comply with such software license agreements as we deem necessary to protect our interests, and you agree to pay such license, training, and maintenance fee as we deem reasonably appropriate.

Currently, we require you to use the Aloha POS system (version 19 or higher) and an integrated restaurant management system owned by Xenial, Inc. ("Xenial"). The Aloha system includes sales processing (including credit cards) and communication of orders to a printer or kitchen display monitors. The Xenial system includes food cost, inventory management, and labor management software features. We also require that you use a firewall system from one of our preferred vendors. We estimate the initial hardware and

software cost for the standard configuration Aloha POS system, the firewall system, and Xenial restaurant management system will be approximately \$22,000 to \$27,000, depending on the size of your Franchised Restaurant. Currently, the approximate annual ongoing costs of those systems which you must pay directly to the suppliers are \$1,400 to \$1,600 for Xenial support; approximately \$450 for Aloha software maintenance for 3 terminals plus \$90 for each additional terminal (plus applicable taxes); and between \$1,100 and \$6,000 for hardware depending on the hardware in use at the Franchised Restaurant (after second year of use) (plus applicable taxes). In addition, you must pay us or our affiliate a quarterly fee ranging from \$190 to \$370 for ongoing costs, which includes costs related to the Aloha Command and Configuration Center (\$123) and Menu Management services (\$95). If you choose to use Aloha's Connected Payment service for the Point-to-Point encryption credit card processing service we require for the Franchised Restaurant, you must pay us approximately \$204 on a quarterly basis (which we will pay to Aloha). If you choose to use Scale Computing for the firewall system we require for the Franchised Restaurant, you must pay us \$19 monthly for Scale Computing's firewall system plus any cellular overage fees (which we will then pay to Scale Computing).

If you participate in our optional Delivery Program you must install a printer to specifically support the delivery services provided by the DSP. We will assist you with integrating and installing this printer into your point-of-sale software. We estimate the cost to purchase and install the printer to be approximately \$500.

If you participate in our optional Order Ahead Program, you must enter an operating contract with our vendor, Olo. Olo will charge a fee equaling \$0.18 fee per every transaction conducted through our optional Order Ahead Program.

We offer enhanced technology services to our franchisees on an optional basis, which includes, but is not limited to, software updates, antivirus and management software, web browser enhancements and advanced data reporting. You may be required to sign a separate IT services agreement prior to receiving these optional services and your quarterly technology fee will increase from \$190 per quarter to \$370 per quarter.

We may require you to upgrade or update your computer system from time to time. There are no limitations as to frequency or cost of such upgrades or updates. We are in the process of evaluating new systems and suppliers for point-of-sale and back office hardware and software for use in all Restaurants. We anticipate that we will require the new system we select to be adopted at all Restaurants during 2027 and we estimate the cost of the new system will range from \$15,000 to \$25,000, plus a monthly cost ranging from \$100 to \$200.

We will have independent access to the data generated by your computer-based cash registers and there are no contractual limits on our access to your data. We have the right to use the data we collect for any purpose, except that we shall not provide financial data to third parties, outside of our system or network, in such a form that readily identifies the Franchised Restaurant, unless we are required to do so by law, regulation, or order.

## **Operations Manual**

The table of contents of the Operations Manual is attached to this Franchise Disclosure Document as Exhibit D. Access to the Operations Manual is currently provided online. We estimate that it contains 400 pages as of this document's issuance date.

## **Training**

Before opening your Franchised Restaurant, you (or the Operating Partner described in Item 15) and any general managers of the Franchised Restaurant that have not managed a Restaurant within the preceding 18 months must successfully complete to our satisfaction an initial training program. The initial training program must be completed before the opening date of each Restaurant.

The initial training program consists of hands-on training covering all phases of restaurant operations, including food preparation, equipment operation and maintenance, cost control, inventory control and basic techniques of management. The initial training program is substantially similar for all Restaurants, with some variation based on preparation methods used by Checkers Restaurants or Rally's Restaurants. The subjects covered, approximate hours of classroom and on-the-job training, and other information about our initial training program is described below:

### **TRAINING PROGRAM**

| <b><u>Column 1</u></b><br><b><u>Subject</u></b>                                                                                                                                                        | <b><u>Column 2</u></b><br><b><u>Hours of</u></b><br><b><u>Online/Classroom</u></b><br><b><u>Training</u></b> | <b><u>Column 3</u></b><br><b><u>Hours of On-the-</u></b><br><b><u>Job Training</u></b> | <b><u>Column 4</u></b><br><b><u>Location</u></b>                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Positions Certification                                                                                                                                                                                | 20 – 25 hours                                                                                                | 20 – 25 hours<br>(Approximately 2-3 weeks)                                             | Tampa, or other location we designate                                  |
| Shift Management:<br>Quality Assurance<br>Guest Service<br>Standards<br>Cleanliness &<br>Sanitation<br>Team Training<br>Security<br>Shift Control Skills<br>Cost Containment<br>Preventive Maintenance | 0                                                                                                            | 80 – 100 hours<br>(Approximately 2-3 weeks)                                            | Tampa, or other location we designate                                  |
| Training at the Restaurant Support Center or Virtual Session                                                                                                                                           | 8 hours                                                                                                      | 0                                                                                      | Tampa, on-site at the Restaurant Support Center or via virtual session |

| <u>Column 1</u><br><u>Subject</u>                                                                                                                                                                             | <u>Column 2</u><br><u>Hours of</u><br><u>Online/Classroom</u><br><u>Training</u> | <u>Column 3</u><br><u>Hours of On-the-</u><br><u>Job Training</u> | <u>Column 4</u><br><u>Location</u>    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------|---------------------------------------|
| Multi-Unit Management<br>(Franchisee or Operation Partner)<br><br>GO Feedback Systems<br>GO Evaluation Systems<br>IMPACT Certifications<br>Guest Complaints<br>Local Store Marketing<br>Planning & Organizing | 0                                                                                | 32 - 40 hours<br><br>(Approximately 1 week)                       | Tampa, or other location we designate |
| Totals<br><br>Total Training Time                                                                                                                                                                             | 28 – 33 hours<br><br>(Approximately 1 week)                                      | 132 – 165 hours<br><br>(Approximately 4 weeks)                    |                                       |

**Notes:**

We may conduct the in-store training at a Restaurant in Florida or in another city outside of Florida that we designate for a period of time between 4 and 5 weeks, depending on the background and experience of the person being trained, proximity and availability. We also may conduct certain portions of the classroom training online. Generally, training is conducted 30 to 90 days before opening your Franchised Restaurant.

Instructional materials for the initial training program include the Operations Manual, standard forms and training manuals. Training is conducted by our staff, consisting of Restaurant management personnel who generally have between 5 and 15 years of experience in the restaurant industry conducting the training program.

You must replace any manager who fails to successfully complete a training program or who is otherwise not qualified to manage a Restaurant. We will not charge any fees for 2 attendees attending the initial training program. We may charge fees for additional attendees and for you and your personnel attending any additional training programs, whether optional or mandatory. You will be responsible for all compensation and expenses (including travel, meals and lodging) incurred in connection with any training programs. Neither you nor your employees will receive any compensation from us for services performed during training.

In addition to the initial training program, we may, in our discretion and at our own cost, send up to 3 of our representatives to the Franchised Restaurant for a period of up to 10 days to provide on-site support in connection with pre-opening and opening activities when the Franchised Restaurant is preparing to open for business. If you request, and we agree to provide (subject to our staff's availability and our approval), additional or special guidance, assistance, or training, then you will pay our then applicable charges, including our personnel's per diem charges and travel and living expenses.

We may also require you and your general or assistant managers to attend and successfully complete periodic or additional training programs. Additional training programs will generally be offered on an as-needed or as-requested basis, based on franchisee demand at then-current prices, which may change from time to time without prior notice.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

The Franchise Agreement grants you the right to own and operate a Restaurant at a specific location. If we and you have not agreed upon an approved location for the Franchised Restaurant before signing the Franchise Agreement, then you must locate a suitable site within the Designated Area. The Designated Area is appointed for the sole purpose of site selection and does not confer any territorial exclusivity or protection to you. You may not conduct the business of your Franchised Restaurant at any site other than the Premises, or relocate your Franchised Restaurant, without our prior written consent. In deciding whether to consent to a relocation, we may consider such factors as we, in our sole discretion, deem appropriate, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other restaurants and food establishments (including other Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site. The Franchise Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands we control. However, you may receive a limited protected area, as follows: we will not operate (directly or through an affiliate), or grant to a third party the right to operate, any Checkers Restaurant or Rally's Restaurant located within the particular geographic area identified in Exhibit B attached to the Franchise Agreement (the "Protected Area"). The Protected Area, as defined by us, will be the lesser of: (i) a one (1) mile radius from the center of the Premises if your Franchised Restaurant is located in a suburban or rural area or (ii) an area immediately surrounding the Premises that encompasses a population of 20,000 residents if your Franchised Restaurant is located in an urban area. We do not provide a Protected Area to franchisees that operate Restaurants from Non-Traditional Sites.

Except for the rights we expressly grant you under the Franchise Agreement, we and all of our affiliates (and our respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all of our rights and discretion with respect to the Marks, the System, Restaurants anywhere in the world, and the right to engage in any business whatsoever (without compensation to you), including the rights to:

- (a) establish and operate, and grant to others the right to operate, Restaurants at locations outside the Protected Area, on terms and conditions we deem appropriate;
- (b) establish and operate, and grant to others the right to operate, Restaurants, or other restaurants using any part or all of the System and/or Marks, that are located at or operated from Non-Traditional Sites within or outside the Protected Area;



(c) sell any products or services under the Marks or under any other trademarks, service marks or trade dress, through alternative channels of distribution, wherever located or operating (including the internet or similar electronic media and supermarkets);

(d) establish and operate, and grant to others the right to operate, restaurants identified by trademarks, service marks or trade dress, other than the Marks (including the Checkers or Rally's, as is applicable, name and mark), under terms and conditions we deem appropriate and wherever such restaurants are located;

(e) acquire the assets or ownership interests of one or more businesses providing products and services similar or dissimilar to those provided at Restaurants, and to franchise, license or create similar arrangements with respect to these businesses once acquired, and which businesses we may (at our sole discretion, and without obligation) convert, or allow to be converted, to operations as Checkers Restaurants or Rally's Restaurants using any of the Marks and/or the System, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area, if applicable); and

(f) to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Restaurants, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Area. A "Competitive Business" means any business that: (i) operates as a restaurant or similar food-service provider and derives more than 20% of its revenue from selling hamburgers, cheeseburgers, or hot dogs in a fast-food, quick-service, drive-thru or drive-in format; or (ii) grants franchises or licenses to others to operate the type of business specified in subparagraph (i) (other than a Checkers Restaurant or Rally's Restaurant operated under a franchise agreement with us); but excludes equity ownership of less than 5% of a business entity meeting this description whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph.

We do not provide exclusivity in Delivery Areas if you participate in our optional Delivery Program. We, other franchisees, and/or DSPs may, directly or indirectly: (i) provide delivery or catering services from other Checkers and/or Rally's restaurants and (ii) advertise under the Marks, in each case within and outside of the Delivery Areas and to customers near your Franchised Restaurant, including in your Protected Area, if any.

Continuation of your exclusivity in the Protected Area is not dependent upon your achieving a certain sales volume, market penetration or other contingency. However, we may during the Term, at our sole option and upon providing notice to you, reduce or otherwise modify the size and/or boundaries of the Protected Area to encompass a geographic area immediately surrounding the Premises consisting of a population of 20,000 residents. If at any time during the Term the population in the Protected Area becomes less than 20,000 residents,

we have no obligation to expand or modify the size and/or boundaries of the Protected Area to include a greater population. Upon any modification to the size and/or boundaries of the Protected Area pursuant to the Franchise Agreement, we are authorized to amend Exhibit B to the Franchise Agreement to reflect the modification. Upon the amendment of Exhibit B of the Franchise Agreement by us, the particular geographic area identified in Exhibit B will be deemed the Protected Area under the Franchise Agreement.

There are no restrictions on us from soliciting or accepting orders from customers using the Marks or using any other trademarks, and you are not entitled to any compensation if we do so. You are not restricted from soliciting or accepting orders from consumers outside your market area.

### **Development Agreement**

The Development Agreement grants you the right to develop an agreed upon number of Checkers Restaurants or Rally's Restaurants within a geographical area described in Exhibit A to the Development Agreement (the "Development Area"). The size of the Development Area will depend on the number of Checkers Restaurants or Rally's Restaurants suitable for the Development Area, as mutually determined in light of factors such as population density and the residential or commercial character of the area. The number of Checkers Restaurants or Rally's Restaurants and the dates they are to be open and operating, including development schedules for such restaurants, will be set out in Exhibit A to the Development Agreement (the "Development Schedule").

You will not receive an exclusive territory in the Development Area. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. During the term of the Development Agreement, as long as you and your affiliates are in compliance with the agreement and all other agreements with us or any of our affiliates (including Franchise Agreements signed under the Development Agreement), we will: (a) grant to you, in accordance with Section 3 of the Development Agreement, at least that cumulative number of franchises for Checkers Restaurants or Rally's Restaurants set forth in Exhibit A to the Development Agreement, all of which are to be located within the Development Area (the locations of which we will approve in accordance with our then current criteria for selection of a Checkers Restaurant or Rally's Restaurant site); and (b) not operate (directly or through an affiliate), nor grant the right to operate, any Checkers Restaurants or Rally's Restaurants located within the Development Area, except for: (1) franchises granted pursuant to the Development Agreement; (2) Restaurants open (or under commitment to open) as of the date of the Development Agreement; (3) Checkers Restaurants, Rally's Restaurants or other restaurants using any part or all of the System and/or Marks at Non-Traditional Sites; and (4) restaurants that we purchase (or as to which we purchase the rights as franchisor) that are part of another franchise system or chain, regardless whether such restaurants are converted to operations as Checkers Restaurants or Rally's Restaurants using any of the Marks and/or the System or whether such restaurants operate under other trademarks, service marks or trade dress and/or use other operating systems.

Except as otherwise expressly provided in the Development Agreement, we and all of our affiliates (and our or their respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all of our rights and discretion with respect to the Marks,

the System and Restaurants anywhere in the world, and the right to engage in any business whatsoever (without compensation to you), including the right to: (a) operate, and grant to others the right to operate, Restaurants at such locations and on such terms and conditions as we deem appropriate; (b) sell any products or services under the Marks, or under other trademarks, service marks or trade dress, through alternative channels of distribution (including the internet or similar electronic media and supermarkets); (c) operate, and grant to others the right to operate, restaurants identified by trademarks, service marks or trade dress, other than the Marks, under the terms and conditions we deem appropriate; and (d) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at Checkers Restaurants or Rally's Restaurants, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Development Area.

You must be developing, or have open and operating in the Development Area, at least the cumulative number of Checkers Restaurants or Rally's Restaurants set out in the Development Schedule. We have no obligation under any circumstances to extend the Development Schedule. Your failure to develop and operate Checkers Restaurants or Rally's Restaurants in accordance with the Development Schedule will be a material breach of the Development Agreement; however, our right to terminate the Development Agreement will be our exclusive remedy for your failure to meet the Development Schedule. Except as noted above, a Developer's exclusivity in the Protected Area is not dependent on achieving certain sales volume, market penetration or any other contingency.

### **Competing Businesses**

Company-owned and/or franchised Checkers Restaurants and Rally's Restaurants may compete with your Franchised Restaurant generally, although we do not currently intend to establish or franchise Checkers Restaurants in any Rally's franchisee's general market area, or Rally's Restaurants in any Checkers franchisee's general market area. Consequently, we do not anticipate any conflict(s) between the 2 systems. We intend to resolve any potential conflicts that may arise between a Checkers Restaurant and a Rally's Restaurant on a case-by-case basis.

We have integrated and will continue to integrate aspects of the Checkers and Rally's concepts. Although we intend to maintain separate brand names, outlets of both brands offer many of the same menu items and use a common restaurant design we have developed for both systems.

We have entered into agreements with independent third party food manufacturers and suppliers to produce, offer and sell certain food products to be distributed under the Marks in supermarkets, club stores, grocery stores, vending racks, and other retail outlets that may be located within the general market area of your Franchised Restaurant.

## ITEM 13 TRADEMARKS

### Status of Principal Marks

We registered, or applied for registration of, the following principal Marks on the Principal Register of the United States Patent and Trademark Office (“PTO”):

### Checkers Marks

| <b>Mark</b>                                                     | <b>Registration (Application)<br/>Number</b> | <b>Registration (Application)<br/>Date</b> |
|-----------------------------------------------------------------|----------------------------------------------|--------------------------------------------|
| CHECKERS                                                        | Registration No. 1,782,889                   | July 20, 1993                              |
| CHECKERS                                                        | Registration No. 2,654,258                   | November 26, 2002                          |
| CHECKERS BURGERS<br>FRIES COLA Design Logo<br>(black and white) | Registration No. 1,656,487                   | September 10, 1991                         |
| CHECKERS BURGERS<br>FRIES COLA Design Logo<br>(color)           | Registration No. 1,956,292                   | February 13, 1996                          |
| CRAZY GOOD                                                      | Registration No. 3,883,766                   | November 30, 2010                          |
| CRAZY GOOD                                                      | Registration No. 4,614,650                   | September 30, 2014                         |
| CHECKERS CRAZY GOOD<br>FOOD                                     | Registration No. 4,475,416                   | January 28, 2014                           |
| CHECKERS CRAZY GOOD<br>FOOD                                     | Registration No. 4,475,417                   | January 28, 2014                           |

### Rally's Marks

| <b>Mark</b>                                | <b>Registration (Application)<br/>Number</b> | <b>Registration (Application)<br/>Date</b> |
|--------------------------------------------|----------------------------------------------|--------------------------------------------|
| RALLY'S AND MAN DESIGN                     | Registration No. 1,362,660                   | September 24, 1985                         |
| RALLY'S BURGERS FRIES<br>COLAS Design Logo | Registration No. 2,592,669                   | July 9, 2002                               |
| RALLY'S BURGERS FRIES<br>COLAS Design Logo | Registration No. 2,595,536                   | July 16, 2002                              |

| Mark                    | Registration (Application) Number | Registration (Application) Date |
|-------------------------|-----------------------------------|---------------------------------|
| RALLY'S                 | Registration No. 1,735,052        | November 24, 1992               |
| RALLY'S CRAZY GOOD FOOD | Registration No. 4,475,418        | January 28, 2014                |
| RALLY'S CRAZY GOOD FOOD | Registration No. 4,475,419        | January 28, 2014                |

All required affidavits of use and renewals have been filed.

#### Combined Marks

| Mark                                                                                | Registration Number        | Registration Date |
|-------------------------------------------------------------------------------------|----------------------------|-------------------|
| CHECKERS & RALLY'S                                                                  | Registration No. 8,051,997 | December 2, 2025  |
|   | Registration No. 8,051,996 | December 2, 2025  |
|  | Registration No. 8,051,321 | December 2, 2025  |

#### Status of Principal Marks

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving these Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of these Marks in a manner material to the franchise.

From time to time, we become aware of other users of names, marks and/or restaurant building designs that may be confusingly similar to our Marks or our distinctive building design. Where appropriate, we will take legal action. Otherwise, there are no infringing uses actually known to us that could materially affect your use of these Marks.

#### Franchise Agreement

The Franchise Agreement grants you the right to use the Marks. If we believe, in our sole discretion, that it is advisable for us or you to modify or discontinue use of any Mark or use one or more additional or substitute trademarks, service marks or trade dress, you must

comply with our directions. We will have no liability or obligation for your modification or discontinuance of any Mark or promotion of a substitute trademark, service mark or trade dress.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights to any Mark and you must not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim. We will have sole discretion to take any action we deem appropriate and will have the right to control exclusively any litigation or PTO or other administrative proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark. You must execute any and all instruments and documents, provide assistance and do such acts and things as, in the opinion of our counsel, may be necessary or advisable to protect our interests in any litigation or PTO or other administrative proceeding or otherwise to protect our interests in the Marks.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark under the Franchise Agreement and, except as provided in the Franchise Agreement, for all costs you reasonably incur in defending any claim brought against you or any proceeding in which you are named as a party, if you have timely notified us of such claim or proceeding and you and your owners are in compliance with the Franchise Agreement and all other agreements entered into with us and our affiliates. At our sole discretion, we will be entitled to prosecute, defend or settle any proceeding arising out of your use of any Mark, and, if we decide to prosecute, defend or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel retained by you.

### **Development Agreement**

The Development Agreement does not grant you the right to use any of the Marks. Your right to use the Marks is derived solely from the franchise agreements you enter into with us. You may not use any Mark as part of a corporate or legal business name or in any other manner not explicitly authorized in writing by us.

## **ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

There are no patents or pending patent applications that are material to the franchise. We claim copyright protection for the Operations Manual and printed advertising and promotional materials. We have not registered the materials to which we claim copyright protection.

We consider certain information relating to the development and operations of Restaurants to be our trade secrets and proprietary information. This information includes:

- (i) ingredients, recipes and methods of preparation and presentation of certain food products;
- (ii) site selection criteria for Restaurants and plans and specifications for the development of Restaurants;

- (iii) sales, marketing and advertising programs and techniques for Restaurants;
- (iv) identity of suppliers and knowledge of specifications and pricing for authorized food products, materials, supplies and equipment;
- (v) knowledge of operating results and financial performance of Restaurants, other than your Franchised Restaurant;
- (vi) methods of inventory control, storage, product handling and management of Restaurants;
- (vii) computer systems and software programs; and
- (viii) any and all other information we provide you that is designated orally or in writing as proprietary or confidential or by its nature would reasonably be understood to be proprietary or confidential, regardless whether such information is specifically designated as proprietary or confidential.

All recipes, processes, ideas, concepts, advertising and promotional materials, website pages and content, methods, techniques or materials used or useful to a fast-food restaurant business, whether or not constituting protectable intellectual property (collectively, the “Materials”), that you create, or that are created on your behalf, in connection with the development or operation of your Franchised Restaurant must be promptly disclosed to us. If we adopt any of such Materials as part of the System, or deem them to be sufficiently related to us and our business to be considered proprietary, they will be deemed to be our sole and exclusive property and deemed to be Works-made-for-Hire (as such term is defined under Section 101 of the U.S. Federal Copyright Act) for us, and to the extent the Materials may for any reason not be considered a Work-made-for-Hire, you irrevocably convey, grant, transfer and assign to us all right, title and interest which you may have now or in the future in and to the Materials. You must sign whatever assignment or other documents we request, during and after the term of the Franchise Agreement, to evidence our ownership or to assist us in securing intellectual property rights in the Materials, and you warrant that you will obtain all rights from any third party acting on your behalf to comply with this requirement.

You may not use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. Nor are there any agreements currently in effect that significantly limit our right to use or authorize you to use the copyrighted materials. Further, there are no infringing uses actually known to us that could materially affect your use of the copyrighted materials in any state. Except as noted above, we are not required by any agreement to protect or defend copyrights or confidential information, although we will do so when this action is in the best interest of our franchise system.

**ITEM 15**  
**OBLIGATION TO PARTICIPATE**  
**IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate as the “Operating Partner” an individual approved by us who must: (a) own and control, or have the right to own and control (subject to conditions reasonably acceptable to us), not less than 10% of your equity and voting rights; (b) have the authority to bind you regarding all operational decisions with respect to your Franchised Restaurant; and (c) have completed our training program to our satisfaction. You may not change the Operating Partner without our prior written consent.

You (or your Operating Partner): (a) shall exert your full-time and best efforts to the development and operation of your Franchised Restaurant and all other Restaurants you own; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations under the Franchise Agreement. Your Franchised Restaurant at all times must be managed by you (or your Operating Partner) or by a manager who has completed our training program to our satisfaction.

The Franchised Restaurant at all times must be under the direct, on-premises supervision of you (or your Operating Partner), or otherwise a manager-level employee other than you (or your Operating Partner) that you appoint and authorize to conduct day-to-day business activities at the Franchised Restaurant, either of whom must (a) have sufficient experience (in our sole opinion) in the operation of a quick service restaurant; and (b) have successfully completed our initial training program to our satisfaction. Your Operating Partner will be required to sign our Nondisclosure and Non-Competition Agreement, but we do not require manager-level employees to sign our Nondisclosure and Non-Competition Agreement. Your manager-level employee is not required to own equity in you.

You (or your Operating Partner) and the manager-level employee we approve are responsible for conducting day-to-day business activities at the Franchised Restaurant. You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the Franchised Restaurant. Our specifications and standards for operating a Restaurant may regulate the Franchised Restaurant’s staffing levels, identifying the Franchised Restaurant’s personnel, and employee qualifications, training, dress, and appearance.

If you are a partnership, corporation, limited liability company or other legal entity, each owner must undertake to be personally bound, jointly and severally, by your obligations under the Franchise Agreement and Development Agreement, if any. Copies of these guarantees are attached to the forms of Franchise Agreement and Development Agreement, which are attached as Exhibits B and C to this Franchise Disclosure Document.



## **ITEM 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

#### **Franchise Agreement**

We require you to sell all food, beverage and other products and services that we determine from time to time to be appropriate for your Franchised Restaurant, including required menu items as we may set from time to time. From time to time, we may designate menu items as being required or optional and also may introduce test menu items on a required or optional basis. You are not restricted as to the customers whom you may serve at the Franchised Restaurant.

The Franchise Agreements requires that you only conduct business with customers at the Franchised Restaurant and may not engage in any catering or delivery operations without our approval which may be withdrawn by us in our sole discretion at any time, for any reason or no reason. You may be allowed to offer certain Delivered Products for delivery if you meet our requirements and elect to participate in our optional Delivery Program.

Your Franchised Restaurant may not offer any products or services (including promotional items) not authorized by us for Restaurants without our prior written approval. We have the right to change the types of authorized goods and services, and there are no limits on our right to make changes. You may not use your Franchised Restaurant for any purpose other than the operation of a Restaurant in compliance with the Franchise Agreement.

You must at all times maintain an inventory of approved food products, beverages, ingredients and other products sufficient in quantity, quality and variety to operate the Franchised Restaurant in accordance with our prescribed standards and specifications for Checkers Restaurants or Rally's Restaurants.

We may conduct market research to determine consumer trends and salability of new food products and services. You must participate in our market research programs by test marketing new food products and services in your restaurant and providing us with timely reports and other relevant information regarding such market research. You must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

#### **Development Agreement**

The Development Agreement contains no provisions restricting the goods and services you offer. However, with respect to each Restaurant developed under the Development Agreement, you will be subject to the restrictions on goods and services contained in our then-current standard franchise agreement. The restrictions in our current Franchise Agreement are set out above.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

**Franchise Agreement**

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

| <b>PROVISION</b> |                                                | <b>SECTION IN<br/>FRANCHISE OR<br/>OTHER AGREEMENT</b> | <b>SUMMARY</b>                                                                                                                                                                                                                                                                                                                                                     |
|------------------|------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a.               | Length of the franchise term                   | Section 2.01                                           | 20 years                                                                                                                                                                                                                                                                                                                                                           |
| b.               | Renewal or extension of the term               | Section 15                                             | May be granted renewal of franchise for either one 10-year term or one 20-year term under our then current franchise agreement. The new agreement may have terms and conditions materially different from the original contract.                                                                                                                                   |
| c.               | Requirements for franchisee to renew or extend | Section 15                                             | If you are in compliance with all terms of all agreements, sign new agreement which may contain materially different terms and conditions from your original agreement, pay renewal fee, remodel in accordance with our then current standard; and there is no adverse franchise legislation. You must also give 180 days prior notice and sign a general release. |
| d.               | Termination by franchisee                      | Not applicable                                         | Not applicable                                                                                                                                                                                                                                                                                                                                                     |
| e.               | Termination by franchisor without cause        | Not applicable                                         | Not applicable                                                                                                                                                                                                                                                                                                                                                     |
| f.               | Termination by franchisor with cause           | Section 14                                             | We can terminate only for specified causes.                                                                                                                                                                                                                                                                                                                        |
| g.               | “Cause” defined: defaults which can be cured   | Section 14.02                                          | You have 24 hours to cure health violation, 10 days to cure failure to pay us and 30 days to cure any other breaches of the Franchise Agreement.                                                                                                                                                                                                                   |

| PROVISION                                                       | SECTION IN<br>FRANCHISE OR<br>OTHER AGREEMENT | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| h. "Cause" defined-<br>non-curable<br>defaults                  | Sections 14.01 and 14.02                      | Includes insolvency, failure to open or abandonment of business, cancellation of lease, misrepresentations, conviction of a felony, unauthorized transfer, unauthorized disclosure of confidential information, understatement of the Franchised Restaurant's Net Sales 3 times or more during the Term or by more than 5% on any one occasion, and repeated breaches of the Franchise Agreement. |
| i. Franchisee's<br>obligations on<br>termination/<br>nonrenewal | Section 16                                    | Pay amounts owed, discontinue use of Marks and confidential information; return manuals; at our option, sell or lease the Restaurant to us or our designee.                                                                                                                                                                                                                                       |
| j. Assignment of<br>contract by<br>franchisor                   | Section 18.08                                 | No restriction on our right to assign.                                                                                                                                                                                                                                                                                                                                                            |
| k. "Transfer" by<br>franchisee defined                          | Section 1.04                                  | Includes transfer of agreement, sale of business and ownership changes.                                                                                                                                                                                                                                                                                                                           |
| l. Franchisor's<br>approval of transfer<br>by franchisee        | Sections 13.01 and 13.02                      | We have the right to approve all transfers but will not unreasonably withhold approval if certain conditions satisfied.                                                                                                                                                                                                                                                                           |

| PROVISION                                                                 | SECTION IN<br>FRANCHISE OR<br>OTHER AGREEMENT | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| m. Conditions for franchisor's approval of transfer                       | Section 13.02                                 | <p>Restaurant must have opened.</p> <p>Transferee must qualify, complete training, sign existing or new agreement and pay transfer fee; you must guaranty transferee obligations; transferee cannot be public company.</p> <p>You must transfer all of your Restaurants; be in compliance with agreements; subordinate debts and sign a release and non-compete for each transferred Restaurant; we must approve price and payment terms; transferee must agree to remodel in accordance with our then current standard; you must execute such other documents that we may reasonably require to protect our rights under the Franchise Agreement and any development agreement.</p> |
| n. Franchisor's right of first refusal                                    | Section 13.06                                 | We can match any offer for your business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| o. Franchisor's option to purchase franchisee's franchise                 | Section 16.04                                 | We may acquire your Franchised Restaurant upon expiration (without renewal) at fair market value and upon termination at appraised asset value or net book value, whichever is less.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| p. Death or disability of franchisee                                      | Section 13.05                                 | Franchise must be assigned by estate within nine months to a third party we have approved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| q. Non-competition covenants during the term of the franchise             | Section 7.02                                  | No involvement in any competing business regardless of its location.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| r. Non-competition covenants after the franchise is terminated or expires | Section 16.03                                 | No competing business for 2 years at the Premises of your Franchised Restaurant, or within 3 miles of your Franchised Restaurant or any other Checkers Restaurant or Rally's Restaurant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

| PROVISION                                                     | SECTION IN<br>FRANCHISE OR<br>OTHER AGREEMENT | SUMMARY                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| s. Modification of the agreement                              | Section 18.10                                 | Generally, no modifications except by written agreement signed by both parties. However, the Operations Manual and System are subject to change by us.                                                                                                                                                                                            |
| t. Integration/merger clause                                  | Section 18.11                                 | Only the terms of Franchise Agreement are binding (subject to state law); any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. However, nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document. |
| u. Dispute resolution by negotiation, mediation & arbitration | Section 18.05                                 | All controversies, disputes or claims shall on demand by either party be arbitrated.                                                                                                                                                                                                                                                              |
| v. Choice of forum                                            | Section 18.05                                 | If dispute is not arbitrated, then Florida state and federal courts (subject to state law, see Exhibits I and J).                                                                                                                                                                                                                                 |
| w. Choice of law                                              | Section 18.07                                 | Subject to state law, Florida law applies generally, except for applicable franchise laws of other states (see Exhibits I and J).                                                                                                                                                                                                                 |

### **Development Agreement**

**This table lists certain important provisions of the Development Agreement. You should read these provisions in the agreement attached to this disclosure document.**

| PROVISION                           | SECTION IN<br>FRANCHISE OR<br>OTHER<br>AGREEMENT | SUMMARY              |
|-------------------------------------|--------------------------------------------------|----------------------|
| a. Length of the franchise term     | Section 2.01                                     | Mutually agreed upon |
| b. Renewal or extension of the term | Section 2.01                                     | No renewal           |

| <b>PROVISION</b>                                      | <b>SECTION IN<br/>FRANCHISE OR<br/>OTHER<br/>AGREEMENT</b> | <b>SUMMARY</b>                                                                                                                                                                                                                                                    |
|-------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| c. Requirements for developer to renew or extend      | Section 2.01                                               | You have no right to renew or extend your rights under this Agreement.                                                                                                                                                                                            |
| d. Termination by developer                           | Not applicable                                             | Not applicable                                                                                                                                                                                                                                                    |
| e. Termination by franchisor without cause            | Not applicable                                             | Not applicable                                                                                                                                                                                                                                                    |
| f. Termination by franchisor with cause               | Section 8                                                  | We can terminate only for specified causes (if we terminate, we may also terminate any franchise agreements you have signed with us)                                                                                                                              |
| g. “Cause” defined: curable defaults                  | Section 8.02                                               | 30 days to cure certain breaches of the Development Agreement.                                                                                                                                                                                                    |
| h. “Cause” defined- non-curable defaults              | Sections 8.01 and 8.02                                     | Includes insolvency; failure to meet development schedule; unauthorized transfer; misrepresentations; conviction of a felony; unauthorized disclosure of confidential information; any default by you under a franchise agreement; adverse franchise legislation. |
| i. Developer’s obligations on termination/ nonrenewal | Section 9                                                  | Comply with covenant not to compete                                                                                                                                                                                                                               |
| j. Assignment of contract by franchisor               | Section 10.08                                              | No restriction on our right to assign                                                                                                                                                                                                                             |
| k. “Transfer” by developer defined                    | Section 1.04                                               | Includes transfer of agreement, sale of business and ownership changes.                                                                                                                                                                                           |
| l. Franchisor’s approval of transfer by developer     | Sections 7.01 and 7.02                                     | We have the right to approve all transfers but will not unreasonably withhold approval if conditions satisfied.                                                                                                                                                   |

| PROVISION                                                                 | SECTION IN<br>FRANCHISE OR<br>OTHER<br>AGREEMENT | SUMMARY                                                                                                                                                                                                                                                                                                                                               |
|---------------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| m. Conditions for franchisor's approval of transfer                       | Section 7.02                                     | <p>You must transfer all of your Restaurants; be in compliance with agreements; have at least one Restaurant open; sign release and non-compete for each transferred restaurant; and do other things we request.</p> <p>Transferee must qualify, sign existing agreement and pay transfer fee; transferee cannot be public company.</p>               |
| n. Franchisor's right of first refusal                                    | Section 7.06                                     | We can match any offer for your development rights.                                                                                                                                                                                                                                                                                                   |
| o. Franchisor's option to purchase developer's development rights         | Not applicable                                   | Not applicable                                                                                                                                                                                                                                                                                                                                        |
| p. Death or disability of developer                                       | Section 7.05                                     | Franchise must be assigned by estate to approved buyer within nine months.                                                                                                                                                                                                                                                                            |
| q. Non-competition covenants during the term of the agreement             | Section 6.02                                     | No involvement in any competing business regardless of its location.                                                                                                                                                                                                                                                                                  |
| r. Non-competition covenants after the agreement is terminated or expires | Section 9.02                                     | No competing business for 2 years within your Development Area or within 3 miles of any other Checkers Restaurant or Rally's Restaurant.                                                                                                                                                                                                              |
| s. Modification of the agreement                                          | Section 10.10                                    | No modifications except by written agreement signed by both parties.                                                                                                                                                                                                                                                                                  |
| t. Integration/merger clause                                              | Section 10.11                                    | <p>Only terms of Development Agreement are binding (subject to state law); any representations or promises outside the disclosure document and development agreement may not be enforceable. However, nothing in the Development Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.</p> |
| u. Dispute resolution by negotiation, mediation & arbitration             | Section 10.06                                    | All claims, disputes and controversies shall be arbitrated on demand by either party.                                                                                                                                                                                                                                                                 |

| PROVISION          | SECTION IN<br>FRANCHISE OR<br>OTHER<br>AGREEMENT | SUMMARY                                                                                                                           |
|--------------------|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| v. Choice of forum | Section 10.05                                    | If dispute is not arbitrated, then Florida State and Federal courts (subject to state law, see Exhibits I and J).                 |
| w. Choice of law   | Section 10.07                                    | Subject to state law, Florida law applies generally, except for applicable franchise laws of other states (see Exhibits I and J). |

## ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote the sale of our franchises.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and the information is included in the Franchise 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 performance at a particular location or under particular circumstances.

The following financial performance representation is a historic representation based on the past performance of existing Restaurants.

### Statements of Average Net Sales of Checkers Restaurants

**TABLE A**  
**ALL CHECKERS RESTAURANTS**

| Category of Restaurant                 | Average Net Sales 2025 Fiscal Year | Number of Restaurants | % Attaining or Exceeding Average | Median Net Sales 2025 Fiscal Year | Low and High Net Sales  |
|----------------------------------------|------------------------------------|-----------------------|----------------------------------|-----------------------------------|-------------------------|
| <b><i>ALL CHECKERS RESTAURANTS</i></b> |                                    |                       |                                  |                                   |                         |
| Company-owned                          | \$1,096,821                        | 115                   | 56 or 49%                        | \$1,090,044                       | \$672,624 - \$1,765,365 |
| Franchised                             | \$1,136,589                        | 320                   | 150 or 47%                       | \$1,102,416                       | \$197,376 - \$3,102,720 |



| <b><i>SITE BUILT OR CONVERSION RESTAURANT</i></b>                                   |             |     |            |             |                         |
|-------------------------------------------------------------------------------------|-------------|-----|------------|-------------|-------------------------|
| Company-owned                                                                       | \$1,096,821 | 115 | 56 or 49%  | \$1,090,044 | \$672,624 - \$1,765,365 |
| Franchised                                                                          | \$1,193,130 | 280 | 130 or 46% | \$1,145,144 | \$260,667 - \$3,102,720 |
| <b><i>ENDCAP STRIP-CENTER &amp; GAS/CONVENIENCE RESTAURANT</i></b>                  |             |     |            |             |                         |
| Company-owned                                                                       | -           | -   | -          | -           | -                       |
| Franchised                                                                          | \$630,696   | 19  | 9 or 47%   | \$623,432   | \$197,376 - \$1,134,096 |
| <b><i>NON-TRADITIONAL, WALMART OR IN-LINE RESTAURANT IN HIGH DENSITY MARKET</i></b> |             |     |            |             |                         |
| Company-owned                                                                       | -           | -   | -          | -           | -                       |
| Franchised                                                                          | \$840,420   | 21  | 11 or 52%  | \$902,345   | \$264,131 - \$1,491,491 |

**TABLE B**  
**FIRST YEAR OF OPERATION FOR NEW CHECKERS RESTAURANTS**

| <b>Category of Restaurant</b>                                                       | <b>Average Net Sales 2025 Fiscal Year</b> | <b>Number of Restaurants</b> | <b>% Attaining or Exceeding Average</b> | <b>Median Net Sales 2025 Fiscal Year</b> | <b>Low and High Net Sales</b> |
|-------------------------------------------------------------------------------------|-------------------------------------------|------------------------------|-----------------------------------------|------------------------------------------|-------------------------------|
| <b><i>ALL CHECKERS RESTAURANTS</i></b>                                              |                                           |                              |                                         |                                          |                               |
| Company-owned                                                                       | \$1,275,089                               | 2                            | 1 or 50%                                | \$1,275,089                              | \$1,235,112 - \$1,315,066     |
| Franchised                                                                          | \$1,505,140                               | 39                           | 19 or 49%                               | \$1,461,292                              | \$398,299 - \$4,404,287       |
| <b><i>SITE BUILT OR CONVERSION RESTAURANT</i></b>                                   |                                           |                              |                                         |                                          |                               |
| Company-owned                                                                       | \$1,275,089                               | 2                            | 1 or 50%                                | \$1,275,089                              | \$1,235,112 - \$1,315,066     |
| Franchised                                                                          | \$1,614,209                               | 35                           | 18 or 51%                               | \$1,623,624                              | \$591,484 - \$4,404,287       |
| <b><i>ENDCAP STRIP-CENTER &amp; GAS/CONVENIENCE RESTAURANT</i></b>                  |                                           |                              |                                         |                                          |                               |
| Company-owned                                                                       | -                                         | -                            | -                                       | -                                        | -                             |
| Franchised                                                                          | \$599,483                                 | 1                            | 1 or 100%                               | \$599,483                                | \$599,483 - \$599,483         |
| <b><i>NON-TRADITIONAL, WALMART OR IN-LINE RESTAURANT IN HIGH DENSITY MARKET</i></b> |                                           |                              |                                         |                                          |                               |
| Company-owned                                                                       | -                                         | -                            | -                                       | -                                        | -                             |
| Franchised                                                                          | \$534,548                                 | 3                            | 1 or 33%                                | \$495,006                                | \$398,299 - \$710,338         |

As used in this Item 19, “Net Sales” means all revenue received or receivable from operating the Franchised Restaurant, including the aggregate of all sales amounts from food, beverages and other products sold and services rendered at the Premises or otherwise rendered in connection with the Franchised Restaurant, and all monies derived from sales at

or away from the Franchised Restaurant, whether from cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions, but: (1) excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) reduced by the amount of any documented refunds, credits, allowances, adjustments, promotional discounts, and charge-backs the Franchised Restaurant provides to customers in good faith.

Table A includes Net Sales information for the 115 company-owned Checkers Restaurants and the 320 franchised Checkers Restaurants that were open and operating for at least 350 days during the 52-week period ending December 29, 2025 (the “2025 Fiscal Year”). Table A does not include the Net Sales for 2 company-owned and 12 franchised Checkers Restaurants that were open for less than 350 days during the 2025 Fiscal Year. Table A also excludes 1 company-owned and 35 franchised Checkers Restaurants that closed during the 2025 Fiscal Year.

Table B includes Net Sales information during the first 52-week period of operations for the 2 company-owned Checkers Restaurant and the 39 franchised Checkers that opened between January 2023 and December 2025. Table B does not include the Net Sales for 7 franchised Checkers Restaurants because they did not yet have a full 52-week period of operation as of the issuance date of this Disclosure Document.

For purposes of this Item 19, “Average Net Sales” means the mean average amount of reported Net Sales, and “Median Net Sales” means the midpoint amount of reported Net Sales. The Net Sales figures for franchised Checkers Restaurants were derived from unaudited financial reports submitted by franchisees for the purpose of computing royalties. We compiled the Net Sales figures for company-owned Checkers Restaurants on the basis of generally accepted accounting principles, consistently applied.

**Statements of Average Net Sales of Rally’s Restaurants**

**TABLE A**  
**ALL RALLY’S RESTAURANTS**

| <b>Category of Restaurant</b>                     | <b>Average Net Sales 2025 Fiscal Year</b> | <b>Number of Restaurants</b> | <b>% Attaining or Exceeding Average</b> | <b>Median Net Sales 2025 Fiscal Year</b> | <b>Low and High Net Sales</b> |
|---------------------------------------------------|-------------------------------------------|------------------------------|-----------------------------------------|------------------------------------------|-------------------------------|
| <b><i>ALL RALLY’S RESTAURANTS</i></b>             |                                           |                              |                                         |                                          |                               |
| Company-owned                                     | \$1,103,806                               | 99                           | 44 or 44%                               | \$1,049,268                              | \$609,576 - \$2,375,855       |
| Franchised                                        | \$1,134,958                               | 164                          | 72 or 44%                               | \$1,064,667                              | \$248,313 - \$2,535,416       |
| <b><i>SITE BUILT OR CONVERSION RESTAURANT</i></b> |                                           |                              |                                         |                                          |                               |
| Company-owned                                     | \$1,103,806                               | 99                           | 44 or 44%                               | \$1,049,268                              | \$609,576 - \$2,375,855       |
| Franchised                                        | \$1,159,585                               | 155                          | 67 or 43%                               | \$1,083,382                              | \$351,638 - \$2,535,416       |

| Category of Restaurant                                                              | Average Net Sales 2025 Fiscal Year | Number of Restaurants | % Attaining or Exceeding Average | Median Net Sales 2025 Fiscal Year | Low and High Net Sales  |
|-------------------------------------------------------------------------------------|------------------------------------|-----------------------|----------------------------------|-----------------------------------|-------------------------|
| <b><i>ENDCAP STRIP-CENTER &amp; GAS/CONVENIENCE RESTAURANT</i></b>                  |                                    |                       |                                  |                                   |                         |
| Company-owned                                                                       | -                                  | -                     | -                                | -                                 | -                       |
| Franchised                                                                          | \$844,814                          | 5                     | 2 or 40%                         | \$811,557                         | \$395,659 - \$1,435,652 |
| <b><i>NON-TRADITIONAL, WALMART OR IN-LINE RESTAURANT IN HIGH DENSITY MARKET</i></b> |                                    |                       |                                  |                                   |                         |
| Company-owned                                                                       | -                                  | -                     | -                                | -                                 | -                       |
| Franchised                                                                          | \$543,329                          | 4                     | 3 or 75%                         | \$616,236                         | \$248,313 - \$692,529   |

**TABLE B**  
**FIRST YEAR OF OPERATIONS FOR NEW RALLY'S RESTAURANTS**

| Category of Restaurant                                                              | Average Net Sales 2025 Fiscal Year | Number of Restaurants | % Attaining or Exceeding Average | Median Net Sales 2025 Fiscal Year | Low and High Net Sales  |
|-------------------------------------------------------------------------------------|------------------------------------|-----------------------|----------------------------------|-----------------------------------|-------------------------|
| <b><i>ALL RALLY'S RESTAURANTS</i></b>                                               |                                    |                       |                                  |                                   |                         |
| Company-owned                                                                       | -                                  | -                     | -                                | -                                 | -                       |
| Franchised                                                                          | \$1,370,093                        | 10                    | 4 or 40%                         | \$1,274,445                       | \$607,350 - \$2,133,416 |
| <b><i>SITE BUILT OR CONVERSION RESTAURANT</i></b>                                   |                                    |                       |                                  |                                   |                         |
| Company-owned                                                                       | -                                  | -                     | -                                | -                                 | -                       |
| Franchised                                                                          | \$1,454,843                        | 9                     | 4 or 44%                         | \$1,353,276                       | \$995,622 - \$2,133,416 |
| <b><i>ENDCAP STRIP-CENTER &amp; GAS/CONVENIENCE RESTAURANT</i></b>                  |                                    |                       |                                  |                                   |                         |
| Company-owned                                                                       | -                                  | -                     | -                                | -                                 | -                       |
| Franchised                                                                          | \$607,350                          | 1                     | 1 or 100%                        | \$607,350                         | \$607,350 - \$607,350   |
| <b><i>NON-TRADITIONAL, WALMART OR IN-LINE RESTAURANT IN HIGH DENSITY MARKET</i></b> |                                    |                       |                                  |                                   |                         |
| Company-owned                                                                       | -                                  | -                     | -                                | -                                 | -                       |
| Franchised                                                                          | \$0                                | 0                     | 0 or 0%                          | \$0                               | \$ - \$                 |

Table A includes Net Sales information for the 99 company-owned Rally's Restaurants and the 164 franchised Rally's Restaurants that were open and operating for at least 350 days during the 2025 Fiscal Year. Table A does not include the Net Sales for the 4 franchised Rally's Restaurants that were open for less than 350 days during the 2025 Fiscal Year. Table

A also excludes 2 company-owned and 10 franchised Rally's Restaurants that closed during the 2025 Fiscal Year.

Table B includes Net Sales information during the first 52-week period of operations for the 10 franchised Rally's Restaurants that opened between January 2023 and December 2025 (each, a "New Rally's Restaurant"). Table B does not include the Net Sales for 1 franchised Rally's Restaurant because it did not yet have a full 52-week period of operation as of the issuance date of this Disclosure Document.

For purposes of this Item 19, "Average Net Sales" means the mean average amount of reported Net Sales, and "Median Net Sales" means the midpoint amount of reported Net Sales. The Net Sales figures for franchised Rally's Restaurants were derived from unaudited financial reports submitted by franchisees for the purpose of computing royalties. We compiled the Net Sales figures for company-owned Rally's Restaurants on the basis of generally accepted accounting principles, consistently applied.

**FIRST YEAR OF OPERATIONS FOR COMPANY-OWNED NEW CHECKERS  
RESTAURANTS**

**Statement of Gross Margin (Company-Owned Checkers Restaurants)**

|                                                      | <b>Average<br/>New<br/>Restaurant</b> | <b>% of Net<br/>Sales</b> | <b>Median<br/>New<br/>Restaurant</b> | <b># and %<br/>Attaining or<br/>Exceeding<br/>Average</b> | <b>High / Low</b>            |
|------------------------------------------------------|---------------------------------------|---------------------------|--------------------------------------|-----------------------------------------------------------|------------------------------|
| NET SALES                                            | \$1,219,218                           | 100%                      | \$1,219,218                          | 1 or 50%                                                  | \$1,163,349 -<br>\$1,275,088 |
| FOOD & PAPER<br>COSTS (1)                            | \$368,784                             | 30%                       | \$368,784                            | 1 or 50%                                                  | \$353,878 -<br>\$383,690     |
| LABOR AND<br>BENEFIT<br>COSTS (2)                    | \$409,919                             | 34%                       | \$409,919                            | 1 or 50%                                                  | \$399,497 -<br>\$420,340     |
| GROSS<br>MARGIN (3)                                  | \$440,516                             | 36%                       | \$440,516                            | 1 or 50%                                                  | \$409,974 -<br>\$471,058     |
| ROYALTIES,<br>OCCUPANCY<br>AND<br>OPERATING<br>COSTS | \$360,855                             | 30%                       | \$360,855                            | 1 or 50%                                                  | \$337,302 -<br>\$384,407     |

(1) Food, paper, and packaging costs, less supplier rebates

(2) Wages, bonuses, payroll taxes, workers compensation, medical insurance, and other benefits

(3) Gross Margin equals Net Sales less food and paper costs and labor and benefit costs.

The Statement of Gross Margin for New Company Checkers Restaurants consists of the reported Net Sales, food and paper costs and labor and benefit costs for 2 company-owned New Checkers Restaurants that were open and operating during the entire 2025 Fiscal Year (“New Company Restaurants”). The New Company Restaurants opened between January 2023 and December 2025 and the figures included above represent their operating expenses and Net Sales during each of their first full 13 periods of operation.

Royalties, occupancy and operating costs include rent, property taxes, marketing expenditures (NPF contributions, regional cooperative contributions, and Restaurant-specific promotions), utility costs (electricity, gas, water, and sewer), presumed royalties of 4% of Net Sales, and other routine expenses (maintenance and repairs, supplies, bank charges, uniforms, and other services). Restaurant level EBITDA excludes multi-unit supervision costs typically charged against Restaurant costs for company-owned Checkers Restaurants. Each of the presented new Checkers Restaurants lease the location for their Checkers Restaurant and the average annual rent was \$74,267 and the median annual rent was \$74,267. “EBITDA” means earnings before interest, taxes, depreciation and amortization.

**Statements of Average Net Sales of Checkers/Rally’s Restaurants Open Less Than 350 Days During the 2025 Fiscal Year**

**TABLE A  
ALL RESTAURANTS**

| Category of Restaurant | Average Net Sales 2025 Fiscal Year | Number of Restaurants | % Attaining or Exceeding Average | Median Net Sales 2025 Fiscal Year | Low and High Net Sales |
|------------------------|------------------------------------|-----------------------|----------------------------------|-----------------------------------|------------------------|
| Checkers Restaurants   | \$412,446                          | 50                    | 23 or 46%                        | \$300,424                         | \$199 - \$1,252,334    |
| Rally’s Restaurants    | \$296,490                          | 16                    | 6 or 38%                         | \$215,751                         | \$18,204 - \$940,928   |

Table A includes Net Sales information for the 47 franchised Checkers Restaurants, 3 company-owned Checkers Restaurants, 14 franchised Rally’s Restaurants and 2 company-owned Rally’s Restaurants that were open and operating for less than 350 days during the 2025 Fiscal Year. These restaurants were not open for 350 or more days because they were: (i) temporarily closed for remodeling; (ii) temporarily closed because of hurricane; (iii) temporarily closed for other issues (e.g., fire, staffing issues or supply chain disruption); (iv) closed permanently at some point during the 2025 Fiscal Year; or (v) opened for business after the start of 2025 Fiscal Year.

**General**

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

Written substantiation for the above financial performance representations will be made available to the prospective franchisee upon reasonable request. However, we will not disclose the identity or sales data of any particular Restaurant without the consent of that owner, except to any applicable state registration authorities or except in connection with the sale of a particular existing Restaurant that we own.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Vincent C. Brockman at 4300 West Cypress Street, Suite 600, Tampa, Florida 33607 or at (813) 283-7000, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of the end of each fiscal year, which are as follows: January 1, 2024 for fiscal year 2023, December 30, 2024 for fiscal year 2024, and December 29, 2025 for fiscal year 2025.

### CHECKERS RESTAURANTS

Table No. 1

System-wide Outlet Summary For years 2023 to 2025

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the Start<br>of the Year | Column 4<br>Outlets at the<br>End of the Year | Column 5<br>Net Change |
|-------------------------|------------------|-------------------------------------------------|-----------------------------------------------|------------------------|
| Franchised              | 2023             | 384                                             | 377                                           | -7                     |
|                         | 2024             | 377                                             | 356                                           | -21                    |
|                         | 2025             | 356                                             | 332                                           | -24                    |
| Company-Owned           | 2023             | 132                                             | 126                                           | -6                     |
|                         | 2024             | 126                                             | 123                                           | -3                     |
|                         | 2025             | 123                                             | 121                                           | -2                     |
| Total Outlets           | 2023             | 516                                             | 503                                           | -13                    |
|                         | 2024             | 503                                             | 479                                           | -24                    |
|                         | 2025             | 479                                             | 453                                           | -26                    |

Table No. 2\*

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2022 to 2025

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
| Alabama           | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 2                               |
| Delaware          | 2023             | 1                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |
| Florida           | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 1                               |
| Georgia           | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 20                              |
| Illinois          | 2023             | 1                               |
|                   | 2024             | 0                               |
|                   | 2025             | 3                               |
| Louisiana         | 2023             | 0                               |
|                   | 2024             | 4                               |
|                   | 2025             | 0                               |
| Maryland          | 2023             | 0                               |
|                   | 2024             | 4                               |
|                   | 2025             | 0                               |
| Michigan          | 2023             | 1                               |
|                   | 2024             | 0                               |
|                   | 2025             | 6                               |
| North Carolina    | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
| New Jersey        | 2023             | 1                               |
|                   | 2024             | 1                               |
|                   | 2025             | 0                               |
| South Carolina    | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 5                               |
| Tennessee         | 2023             | 1                               |
|                   | 2024             | 0                               |
|                   | 2025             | 5                               |
| Texas             | 2023             | 1                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |
| Total             | 2023             | 6                               |
|                   | 2024             | 9                               |
|                   | 2025             | 42                              |

\* A number of these transactions involved a multi-unit franchise selling more than 1 outlet to the same buyer in the same transaction.

Table No. 3  
Status of Franchised Outlets  
For years 2023 to 2025

| Col. 1<br>State | Col. 2<br>Year | Col. 3<br>Outlets at<br>Start of<br>Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Termina-<br>tions | Col. 6<br>Non-<br>Renewals | Col. 7<br>Reacquire<br>d by<br>Franchisor | Col. 8<br>Ceased<br>Opera-<br>tions<br>Other<br>Reasons | Col. 9<br>Outlets at<br>End of the<br>Year |
|-----------------|----------------|------------------------------------------|-----------------------------|-----------------------------|----------------------------|-------------------------------------------|---------------------------------------------------------|--------------------------------------------|
| Alabama         | 2023           | 12                                       | 0                           | 0                           | 0                          | 0                                         | 2                                                       | 10                                         |
|                 | 2024           | 10                                       | 0                           | 0                           | 0                          | 0                                         | 2                                                       | 8                                          |
|                 | 2025           | 8                                        | 1                           | 0                           | 0                          | 0                                         | 2                                                       | 7                                          |
| Arkansas        | 2023           | 2                                        | 1                           | 0                           | 0                          | 0                                         | 0                                                       | 3                                          |
|                 | 2024           | 3                                        | 1                           | 0                           | 0                          | 0                                         | 0                                                       | 4                                          |
|                 | 2025           | 4                                        | 0                           | 0                           | 0                          | 0                                         | 0                                                       | 4                                          |
| California      | 2023           | 0                                        | 0                           | 0                           | 0                          | 0                                         | 0                                                       | 0                                          |



| Col. 1<br><br>State | Col. 2<br><br>Year | Col. 3<br><br>Outlets at<br>Start of<br>Year | Col. 4<br><br>Outlets<br>Opened | Col. 5<br><br>Termina-<br>tions | Col. 6<br><br>Non-<br>Renewals | Col. 7<br><br>Reacquire<br>d by<br>Franchisor | Col. 8<br>Ceased<br>Opera-<br>tions<br>Other<br>Reasons | Col. 9<br><br>Outlets at<br>End of the<br>Year |
|---------------------|--------------------|----------------------------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------------------------------------|---------------------------------------------------------|------------------------------------------------|
|                     | 2024               | 0                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 0                                              |
|                     | 2025               | 0                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 0                                              |
| Delaware            | 2023               | 2                                            | 1                               | 0                               | 0                              | 0                                             | 0                                                       | 3                                              |
|                     | 2024               | 3                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 3                                              |
|                     | 2025               | 3                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 3                                              |
| Florida             | 2023               | 44                                           | 5                               | 0                               | 0                              | 0                                             | 6                                                       | 43                                             |
|                     | 2024               | 43                                           | 5                               | 0                               | 0                              | 0                                             | 7                                                       | 41                                             |
|                     | 2025               | 41                                           | 5                               | 0                               | 0                              | 0                                             | 3                                                       | 43                                             |
| Georgia             | 2023               | 72                                           | 2                               | 0                               | 0                              | 0                                             | 5                                                       | 69                                             |
|                     | 2024               | 69                                           | 1                               | 0                               | 0                              | 0                                             | 4                                                       | 66                                             |
|                     | 2025               | 66                                           | 1                               | 0                               | 0                              | 0                                             | 7                                                       | 60                                             |
| Illinois            | 2023               | 21                                           | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 21                                             |
|                     | 2024               | 21                                           | 0                               | 0                               | 0                              | 0                                             | 8                                                       | 13                                             |
|                     | 2025               | 13                                           | 0                               | 0                               | 0                              | 0                                             | 1                                                       | 12                                             |
| Indiana             | 2023               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 1                                              |
|                     | 2024               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 1                                              |
|                     | 2025               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 1                                              |
| Iowa                | 2023               | 2                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 2                                              |
|                     | 2024               | 2                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 2                                              |
|                     | 2025               | 2                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 2                                              |
| Louisiana           | 2023               | 19                                           | 2                               | 0                               | 0                              | 0                                             | 0                                                       | 21                                             |
|                     | 2024               | 21                                           | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 21                                             |
|                     | 2025               | 21                                           | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 21                                             |
| Maryland            | 2023               | 33                                           | 1                               | 0                               | 0                              | 0                                             | 0                                                       | 34                                             |
|                     | 2024               | 34                                           | 1                               | 0                               | 0                              | 0                                             | 1                                                       | 34                                             |
|                     | 2025               | 34                                           | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 34                                             |
| Michigan            | 2023               | 34                                           | 0                               | 0                               | 0                              | 0                                             | 1                                                       | 33                                             |
|                     | 2024               | 33                                           | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 33                                             |
|                     | 2025               | 33                                           | 1                               | 0                               | 0                              | 0                                             | 2                                                       | 32                                             |
| Minnesota           | 2023               | 0                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 0                                              |
|                     | 2024               | 0                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 0                                              |
|                     | 2025               | 0                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 0                                              |

| Col. 1<br><br>State | Col. 2<br><br>Year | Col. 3<br><br>Outlets at<br>Start of<br>Year | Col. 4<br><br>Outlets<br>Opened | Col. 5<br><br>Termina-<br>tions | Col. 6<br><br>Non-<br>Renewals | Col. 7<br><br>Reacquire<br>d by<br>Franchisor | Col. 8<br>Ceased<br>Opera-<br>tions<br>Other<br>Reasons | Col. 9<br><br>Outlets at<br>End of the<br>Year |
|---------------------|--------------------|----------------------------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------------------------------------|---------------------------------------------------------|------------------------------------------------|
| Mississippi         | 2023               | 11                                           | 1                               | 0                               | 0                              | 0                                             | 1                                                       | 11                                             |
|                     | 2024               | 11                                           | 0                               | 0                               | 0                              | 0                                             | 2                                                       | 9                                              |
|                     | 2025               | 9                                            | 0                               | 0                               | 0                              | 0                                             | 2                                                       | 7                                              |
| New Jersey          | 2023               | 11                                           | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 11                                             |
|                     | 2024               | 11                                           | 2                               | 0                               | 0                              | 0                                             | 0                                                       | 13                                             |
|                     | 2025               | 13                                           | 0                               | 0                               | 0                              | 0                                             | 2                                                       | 11                                             |
| New York            | 2023               | 37                                           | 1                               | 0                               | 0                              | 0                                             | 1                                                       | 37                                             |
|                     | 2024               | 37                                           | 0                               | 0                               | 0                              | 0                                             | 3                                                       | 34                                             |
|                     | 2025               | 34                                           | 0                               | 0                               | 0                              | 0                                             | 5                                                       | 29                                             |
| North<br>Carolina   | 2023               | 9                                            | 2                               | 0                               | 0                              | 0                                             | 1                                                       | 10                                             |
|                     | 2024               | 10                                           | 0                               | 0                               | 0                              | 0                                             | 2                                                       | 8                                              |
|                     | 2025               | 8                                            | 0                               | 0                               | 0                              | 0                                             | 1                                                       | 7                                              |
| Pennsylvania        | 2023               | 3                                            | 1                               | 0                               | 0                              | 0                                             | 1                                                       | 3                                              |
|                     | 2024               | 3                                            | 4                               | 0                               | 0                              | 0                                             | 0                                                       | 7                                              |
|                     | 2025               | 7                                            | 1                               | 0                               | 0                              | 0                                             | 0                                                       | 8                                              |
| South<br>Carolina   | 2023               | 6                                            | 1                               | 0                               | 0                              | 0                                             | 1                                                       | 6                                              |
|                     | 2024               | 6                                            | 3                               | 0                               | 0                              | 0                                             | 0                                                       | 9                                              |
|                     | 2025               | 9                                            | 0                               | 0                               | 0                              | 0                                             | 2                                                       | 7                                              |
| Tennessee           | 2023               | 23                                           | 0                               | 0                               | 0                              | 0                                             | 1                                                       | 22                                             |
|                     | 2024               | 22                                           | 1                               | 0                               | 0                              | 0                                             | 8                                                       | 15                                             |
|                     | 2025               | 15                                           | 1                               | 0                               | 0                              | 0                                             | 2                                                       | 14                                             |
| Texas               | 2023               | 29                                           | 1                               | 0                               | 0                              | 0                                             | 5                                                       | 25                                             |
|                     | 2024               | 25                                           | 1                               | 0                               | 0                              | 0                                             | 3                                                       | 23                                             |
|                     | 2025               | 23                                           | 1                               | 0                               | 0                              | 0                                             | 7                                                       | 17                                             |
| Virginia            | 2023               | 7                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 7                                              |
|                     | 2024               | 7                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 7                                              |
|                     | 2025               | 7                                            | 0                               | 0                               | 0                              | 0                                             | 1                                                       | 6                                              |
| West<br>Virginia    | 2023               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 1                                              |
|                     | 2024               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 1                                              |
|                     | 2025               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 1                                              |
| Wisconsin           | 2023               | 4                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 4                                              |
|                     | 2024               | 4                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                       | 4                                              |
|                     | 2025               | 4                                            | 1                               | 0                               | 0                              | 0                                             | 0                                                       | 5                                              |

| Col. 1<br><br>State     | Col. 2<br><br>Year | Col. 3<br><br>Outlets at<br>Start of<br>Year | Col. 4<br><br>Outlets<br>Opened | Col. 5<br><br>Termina-<br>tions | Col. 6<br><br>Non-<br>Renewals | Col. 7<br><br>Reacquire<br>d by<br>Franchisor | Col. 8<br><br>Ceased<br>Opera-<br>tions<br>Other<br>Reasons | Col. 9<br><br>Outlets at<br>End of the<br>Year |
|-------------------------|--------------------|----------------------------------------------|---------------------------------|---------------------------------|--------------------------------|-----------------------------------------------|-------------------------------------------------------------|------------------------------------------------|
| District of<br>Columbia | 2023               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                           | 1                                              |
|                         | 2024               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                           | 1                                              |
|                         | 2025               | 1                                            | 0                               | 0                               | 0                              | 0                                             | 0                                                           | 1                                              |
| Totals                  | 2023               | 384                                          | 19                              | 0                               | 0                              | 0                                             | 25                                                          | 378                                            |
|                         | 2024               | 378                                          | 19                              | 0                               | 0                              | 0                                             | 40                                                          | 357                                            |
|                         | 2025               | 357                                          | 12                              | 0                               | 0                              | 0                                             | 37                                                          | 332                                            |

Table No. 4  
Status of Company-Owned Outlets  
For years 2023 to 2025

| Col. 1<br><br>State | Col. 2<br><br>Year | Col. 3<br><br>Outlets at<br>Start of<br>Year | Col. 4<br><br>Outlets<br>Opened | Col. 5<br><br>Reacquire<br>d from<br>Franchise<br>e | Col. 6<br><br>Outlets<br>Closed | Col. 7<br><br>Outlets<br>Sold to<br>Franchise<br>e | Col. 8<br><br>Outlets at<br>End of the<br>Year |
|---------------------|--------------------|----------------------------------------------|---------------------------------|-----------------------------------------------------|---------------------------------|----------------------------------------------------|------------------------------------------------|
| Alabama             | 2023               | 7                                            | 0                               | 0                                                   | 0                               | 0                                                  | 7                                              |
|                     | 2024               | 7                                            | 0                               | 0                                                   | 1                               | 0                                                  | 6                                              |
|                     | 2025               | 6                                            | 0                               | 0                                                   | 0                               | 0                                                  | 6                                              |
| Florida             | 2023               | 102                                          | 2                               | 0                                                   | 6                               | 0                                                  | 98                                             |
|                     | 2024               | 98                                           | 1                               | 0                                                   | 3                               | 0                                                  | 96                                             |
|                     | 2025               | 96                                           | 2                               | 0                                                   | 2                               | 3                                                  | 93                                             |
| Georgia             | 2023               | 11                                           | 0                               | 0                                                   | 1                               | 0                                                  | 10                                             |
|                     | 2024               | 10                                           | 0                               | 0                                                   | 0                               | 0                                                  | 10                                             |
|                     | 2025               | 10                                           | 0                               | 0                                                   | 0                               | 0                                                  | 10                                             |
| Michigan            | 2023               | 8                                            | 0                               | 0                                                   | 1                               | 0                                                  | 7                                              |
|                     | 2024               | 7                                            | 0                               | 0                                                   | 0                               | 0                                                  | 7                                              |
|                     | 2025               | 7                                            | 0                               | 0                                                   | 0                               | 1                                                  | 6                                              |
| Mississippi         | 2023               | 4                                            | 0                               | 0                                                   | 0                               | 0                                                  | 4                                              |
|                     | 2024               | 4                                            | 0                               | 0                                                   | 0                               | 0                                                  | 4                                              |
|                     | 2025               | 4                                            | 0                               | 0                                                   | 0                               | 0                                                  | 4                                              |
| Totals              | 2023               | 132                                          | 2                               | 0                                                   | 8                               | 0                                                  | 126                                            |
|                     | 2024               | 126                                          | 1                               | 0                                                   | 4                               | 0                                                  | 123                                            |
|                     | 2025               | 123                                          | 3                               | 0                                                   | 1                               | 4                                                  | 121                                            |

Table No. 5  
Projected Openings As Of December 29, 2025

| Column 1<br>State | Column 2<br>Franchise Agreements<br>Signed But Outlet Not<br>Opened | Column 3<br>Projected New Franchised<br>Outlets In The Next Fiscal<br>Year | Column 4<br>Projected New Company-<br>Owned Outlets In the Next<br>Fiscal Year |
|-------------------|---------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Illinois          | 1                                                                   | 1                                                                          | 0                                                                              |
| Maryland          | 0                                                                   | 1                                                                          | 0                                                                              |
| Massachusetts     | 0                                                                   | 1                                                                          | 0                                                                              |
| Michigan          | 0                                                                   | 1                                                                          | 0                                                                              |
| New York          | 2                                                                   | 2                                                                          | 0                                                                              |
| Ohio              | 0                                                                   | 1                                                                          | 0                                                                              |
| Tennessee         | 2                                                                   | 2                                                                          | 0                                                                              |
| Virginia          | 1                                                                   | 3                                                                          | 0                                                                              |
| Total             | 6                                                                   | 12                                                                         | 0                                                                              |

**RALLY'S RESTAURANTS**

Table No. 1  
System-wide Outlet Summary  
For years 2023 to 2025

| Column 1<br>Outlet Type | Column 2<br>Year | Column 3<br>Outlets at the<br>Start of the Year | Column 4<br>Outlets at the<br>End of the Year | Column 5<br>Net Change |
|-------------------------|------------------|-------------------------------------------------|-----------------------------------------------|------------------------|
| Franchised              | 2023             | 171                                             | 171                                           | 0                      |
|                         | 2024             | 171                                             | 166                                           | -5                     |
|                         | 2025             | 166                                             | 167                                           | 1                      |
| Company-<br>Owned       | 2023             | 123                                             | 112                                           | -11                    |
|                         | 2024             | 112                                             | 110                                           | -2                     |
|                         | 2025             | 110                                             | 99                                            | -11                    |
| Total Outlets           | 2023             | 294                                             | 283                                           | -11                    |
|                         | 2024             | 283                                             | 276                                           | -7                     |
|                         | 2025             | 276                                             | 266                                           | -10                    |

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For years 2023 to 2025

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
| Alabama           | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 1                               |
| California        | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 9                               |
| Illinois          | 2023             | 0                               |
|                   | 2024             | 0                               |
|                   | 2025             | 2                               |
| Kentucky          | 2023             | 2                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |
| Michigan          | 2023             | 8                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |
| Missouri          | 2023             | 6                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |
| Ohio              | 2023             | 1                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |
| Virginia          | 2023             | 8                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |
| West Virginia     | 2023             | 2                               |
|                   | 2024             | 0                               |
|                   | 2025             | 0                               |

| Column 1<br>State | Column 2<br>Year | Column 3<br>Number of Transfers |
|-------------------|------------------|---------------------------------|
| Total             | 2023             | 27                              |
|                   | 2024             | 0                               |
|                   | 2025             | 12                              |

Table No. 3  
Status of Franchised Outlets  
For years 2023 to 2025

| Col. 1<br><br>State | Col. 2<br><br>Year | Col. 3<br><br>Outlets<br>at Start<br>of Year | Col. 4<br><br>Outlets<br>Opened | Col. 5<br><br>Termina-<br>tions | Col. 6<br><br>Non-<br>Renewals | Col. 7<br><br>Reacquired<br>by<br>Franchisor | Col. 8<br><br>Ceased<br>Opera-<br>tions<br>Other<br>Reasons | Col. 9<br><br>Outlets<br>at End of<br>the Year |
|---------------------|--------------------|----------------------------------------------|---------------------------------|---------------------------------|--------------------------------|----------------------------------------------|-------------------------------------------------------------|------------------------------------------------|
| Alabama             | 2023               | 2                                            | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 2                                              |
|                     | 2024               | 2                                            | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 2                                              |
|                     | 2025               | 2                                            | 0                               | 0                               | 0                              | 0                                            | 1                                                           | 1                                              |
| Arizona             | 2023               | 8                                            | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 8                                              |
|                     | 2024               | 8                                            | 2                               | 0                               | 0                              | 0                                            | 0                                                           | 10                                             |
|                     | 2025               | 10                                           | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 10                                             |
| Arkansas            | 2023               | 0                                            | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 0                                              |
|                     | 2024               | 0                                            | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 0                                              |
|                     | 2025               | 0                                            | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 0                                              |
| California          | 2023               | 43                                           | 1                               | 0                               | 0                              | 0                                            | 2                                                           | 42                                             |
|                     | 2024               | 42                                           | 1                               | 0                               | 0                              | 0                                            | 6                                                           | 37                                             |
|                     | 2025               | 37                                           | 1                               | 0                               | 0                              | 0                                            | 6                                                           | 32                                             |
| Indiana             | 2023               | 26                                           | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 26                                             |
|                     | 2024               | 26                                           | 1                               | 0                               | 0                              | 0                                            | 3                                                           | 24                                             |
|                     | 2025               | 24                                           | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 24                                             |
| Kentucky            | 2023               | 30                                           | 0                               | 0                               | 0                              | 0                                            | 1                                                           | 29                                             |
|                     | 2024               | 29                                           | 0                               | 0                               | 0                              | 0                                            | 0                                                           | 29                                             |
|                     | 2025               | 29                                           | 1                               | 0                               | 0                              | 0                                            | 3                                                           | 27                                             |
| Louisiana           | 2023               | 4                                            | 1                               | 0                               | 0                              | 0                                            | 0                                                           | 5                                              |
|                     | 2024               | 5                                            | 0                               | 0                               | 0                              | 0                                            | 1                                                           | 4                                              |
|                     | 2025               | 4                                            | 5                               | 0                               | 0                              | 0                                            | 0                                                           | 9                                              |

| Col. 1           | Col. 2 | Col. 3                         | Col. 4            | Col. 5            | Col. 6           | Col. 7                         | Col. 8                                        | Col. 9                           |
|------------------|--------|--------------------------------|-------------------|-------------------|------------------|--------------------------------|-----------------------------------------------|----------------------------------|
| State            | Year   | Outlets<br>at Start<br>of Year | Outlets<br>Opened | Termina-<br>tions | Non-<br>Renewals | Reacquired<br>by<br>Franchisor | Ceased<br>Opera-<br>tions<br>Other<br>Reasons | Outlets<br>at End of<br>the Year |
| Michigan         | 2023   | 19                             | 0                 | 0                 | 0                | 0                              | 0                                             | 19                               |
|                  | 2024   | 19                             | 0                 | 0                 | 0                | 0                              | 0                                             | 19                               |
|                  | 2025   | 19                             | 0                 | 0                 | 0                | 0                              | 0                                             | 19                               |
| Mississippi      | 2023   | 8                              | 0                 | 0                 | 0                | 0                              | 0                                             | 8                                |
|                  | 2024   | 8                              | 0                 | 0                 | 0                | 0                              | 0                                             | 8                                |
|                  | 2025   | 8                              | 0                 | 0                 | 0                | 0                              | 1                                             | 7                                |
| Missouri         | 2023   | 10                             | 0                 | 0                 | 0                | 0                              | 1                                             | 9                                |
|                  | 2024   | 9                              | 0                 | 0                 | 0                | 0                              | 0                                             | 9                                |
|                  | 2025   | 9                              | 3                 | 0                 | 0                | 0                              | 0                                             | 12                               |
| Nevada           | 2023   | 3                              | 0                 | 0                 | 0                | 0                              | 0                                             | 3                                |
|                  | 2024   | 3                              | 1                 | 0                 | 0                | 0                              | 0                                             | 4                                |
|                  | 2025   | 4                              | 1                 | 0                 | 0                | 0                              | 0                                             | 5                                |
| Ohio             | 2023   | 8                              | 0                 | 0                 | 0                | 0                              | 0                                             | 8                                |
|                  | 2024   | 8                              | 0                 | 0                 | 0                | 0                              | 0                                             | 8                                |
|                  | 2025   | 8                              | 1                 | 0                 | 0                | 0                              | 0                                             | 9                                |
| Pennsylvania     | 2023   | 1                              | 1                 | 0                 | 0                | 0                              | 0                                             | 2                                |
|                  | 2024   | 2                              | 0                 | 0                 | 0                | 0                              | 0                                             | 2                                |
|                  | 2025   | 2                              | 0                 | 0                 | 0                | 0                              | 0                                             | 2                                |
| Virginia         | 2023   | 8                              | 0                 | 0                 | 0                | 0                              | 0                                             | 8                                |
|                  | 2024   | 8                              | 0                 | 0                 | 0                | 0                              | 0                                             | 8                                |
|                  | 2025   | 8                              | 0                 | 0                 | 0                | 0                              | 0                                             | 8                                |
| West<br>Virginia | 2023   | 2                              | 0                 | 0                 | 0                | 0                              | 0                                             | 2                                |
|                  | 2024   | 2                              | 0                 | 0                 | 0                | 0                              | 0                                             | 2                                |
|                  | 2025   | 2                              | 0                 | 0                 | 0                | 0                              | 0                                             | 2                                |
| Totals           | 2023   | 172                            | 3                 | 0                 | 0                | 0                              | 4                                             | 171                              |
|                  | 2024   | 171                            | 5                 | 0                 | 0                | 0                              | 10                                            | 166                              |
|                  | 2025   | 166                            | 12                | 0                 | 0                | 0                              | 11                                            | 167                              |

Table No. 4  
Status of Company-Owned Outlets  
For years 2023 to 2025

| Col. 1<br><br>State | Col. 2<br><br>Year | Col. 3<br>Outlets at<br>Start of<br>Year | Col. 4<br>Outlets<br>Opened | Col. 5<br>Reacquired<br>from<br>Franchisee | Col. 6<br>Outlets<br>Closed | Col. 7<br>Outlets<br>Sold to<br>Franchisee | Col. 8<br>Outlets at<br>End of the<br>Year |
|---------------------|--------------------|------------------------------------------|-----------------------------|--------------------------------------------|-----------------------------|--------------------------------------------|--------------------------------------------|
| Arkansas            | 2023               | 8                                        | 0                           | 0                                          | 0                           | 0                                          | 8                                          |
|                     | 2024               | 8                                        | 0                           | 0                                          | 0                           | 0                                          | 8                                          |
|                     | 2025               | 8                                        | 0                           | 0                                          | 0                           | 0                                          | 8                                          |
| Illinois            | 2023               | 6                                        | 0                           | 0                                          | 0                           | 0                                          | 6                                          |
|                     | 2024               | 6                                        | 0                           | 0                                          | 0                           | 0                                          | 6                                          |
|                     | 2025               | 6                                        | 0                           | 0                                          | 0                           | 0                                          | 6                                          |
| Indiana             | 2023               | 17                                       | 0                           | 0                                          | 5                           | 0                                          | 12                                         |
|                     | 2024               | 12                                       | 0                           | 0                                          | 0                           | 0                                          | 12                                         |
|                     | 2025               | 12                                       | 0                           | 0                                          | 1                           | 0                                          | 11                                         |
| Kentucky            | 2023               | 1                                        | 0                           | 0                                          | 0                           | 0                                          | 1                                          |
|                     | 2024               | 1                                        | 0                           | 0                                          | 0                           | 0                                          | 1                                          |
|                     | 2025               | 1                                        | 0                           | 0                                          | 0                           | 0                                          | 1                                          |
| Louisiana           | 2023               | 16                                       | 0                           | 0                                          | 1                           | 0                                          | 15                                         |
|                     | 2024               | 15                                       | 0                           | 0                                          | 2                           | 0                                          | 13                                         |
|                     | 2025               | 13                                       | 0                           | 0                                          | 0                           | 5                                          | 8                                          |
| Michigan            | 2023               | 1                                        | 0                           | 0                                          | 0                           | 0                                          | 1                                          |
|                     | 2024               | 1                                        | 0                           | 0                                          | 0                           | 0                                          | 1                                          |
|                     | 2025               | 1                                        | 0                           | 0                                          | 0                           | 0                                          | 1                                          |
| Missouri            | 2023               | 12                                       | 0                           | 0                                          | 1                           | 0                                          | 11                                         |
|                     | 2024               | 11                                       | 0                           | 0                                          | 0                           | 0                                          | 11                                         |
|                     | 2025               | 11                                       | 0                           | 0                                          | 1                           | 3                                          | 7                                          |
| Ohio                | 2023               | 62                                       | 0                           | 0                                          | 4                           | 0                                          | 58                                         |
|                     | 2024               | 58                                       | 0                           | 0                                          | 0                           | 0                                          | 58                                         |
|                     | 2025               | 58                                       | 0                           | 0                                          | 0                           | 1                                          | 57                                         |
| Totals              | 2023               | 123                                      | 0                           | 0                                          | 11                          | 0                                          | 112                                        |
|                     | 2024               | 112                                      | 0                           | 0                                          | 2                           | 0                                          | 110                                        |
|                     | 2025               | 110                                      | 0                           | 0                                          | 2                           | 9                                          | 99                                         |



Table No. 5  
Projected Openings As Of December 29, 2025

| Column 1<br><br>State | Column 2<br><br>Franchise Agreements<br>Signed But Outlet Not<br>Opened | Column 3<br><br>Projected New<br>Franchised Outlets In<br>The Next Fiscal Year | Column 4<br><br>Projected New<br>Company-Owned<br>Outlets In the Next<br>Fiscal Year |
|-----------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Arizona               | 0                                                                       | 1                                                                              | 0                                                                                    |
| California            | 0                                                                       | 1                                                                              |                                                                                      |
| Nevada                | 2                                                                       | 2                                                                              | 0                                                                                    |
| Total                 | 2                                                                       | 4                                                                              | 0                                                                                    |

The names, addresses and telephone numbers of our franchisees and their Restaurants are listed in Exhibit F.

Exhibit G lists the name, city and state, and current business telephone number (or if unknown, the last known home telephone number) for each of the total 79 Checkers Restaurant and 23 Rally's Restaurant locations in the U.S. where an outlet was terminated, cancelled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year ended December 29, 2025, or has not communicated with us within 10 weeks of the date of issuance of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

If we offer to sell any previously owned franchised Restaurant that we now own, specific information about that Restaurant will be provided to you in a separate supplement to this Franchise Disclosure Document.

In the past three years, franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Checkers or Rally's franchise system. 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.

The Checkers and Rally's franchise systems have a Checkers/Rally's Franchise Advisory Council that we established and help support. The council's address is 4300 West Cypress Street, Suite 600, Tampa, Florida 33607; and email address [FAC@Checkers.com](mailto:FAC@Checkers.com).

## ITEM 21 FINANCIAL STATEMENTS

As a result of the Recapitalization Agreement, the Company is presenting a successor period for the fiscal year ended December 29, 2025, December 30, 2024 and the period of June 17, 2023, through January 1, 2024 ("Successor Periods") and predecessor periods of January 3, 2023 through June 16, 2023 and fiscal year ended January 2, 2023 (each individually referred to as a "Predecessor Period" and collectively as the "Predecessor Periods"), within

the audited financial statements. See footnote 1 within the audited financial statements for further information relating to the transaction.

Attached to this Franchise Disclosure Document as Exhibit H are our audited consolidated balance sheets as of December 29, 2025 (Successor), December 30, 2024 (Successor), January 1, 2024 (Successor) and January 2, 2023 (Predecessor), and the related consolidated statements of operations, stockholder's equity (deficit) and cash flows for the fiscal year ending December 29, 2025 (Successor), December 30, 2024 (Successor), the periods June 17, 2023 through January 1, 2024 (Successor) and January 3, 2023 through June 16, 2023 (Predecessor), and the fiscal year ending January 2, 2023 (Predecessor), and the related notes.

## **ITEM 22 CONTRACTS**

Attached as Exhibits to this Franchise Disclosure Document are the following contracts and their attachments:

1. Franchise Agreement (Exhibit B)
2. Existing Franchisee Incentive Addendum (Exhibit B-1)
3. 2026 Growth Incentive Addendum (Exhibit B-2)
4. Non-Traditional Site Addendum (Exhibit B-3)
5. Vet Fran Incentive Addendum (Exhibit B-4)
6. Women Business Owner Incentive Addendum (Exhibit B-5)
7. Reimage Incentive Addendum (Exhibit B-6)
8. Purchase of Company-Owned Restaurant Addendum (Exhibit B-7)
9. Development Agreement (Exhibit C)
10. Electronic Payment Authorization (Exhibit E)
11. Agreement Riders for Registration States (Exhibit J)

The form of general release that we currently intend to use with transfers and renewals is at Exhibit K.

## **ITEM 23 RECEIPTS**

The last 2 pages of this Franchise Disclosure Document are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy and please keep the other copy along with this Franchise Disclosure Document.

**EXHIBIT A**

**LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

## LIST OF STATE AGENCIES

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

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

There also may be additional agents appointed in some of the states listed.

### **CALIFORNIA**

Website: [www.dfpi.ca.gov](http://www.dfpi.ca.gov) Email:  
[ask.DFPI@dfpi.ca.gov](mailto:ask.DFPI@dfpi.ca.gov)

(for service of process)  
Commissioner of Department of Financial  
Protection & Innovation

(state franchise administrator) Department  
of Financial Protection & Innovation

Toll Free: 1 (866) 275-2677

#### ***Los Angeles***

320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344 (213)  
576-7500

#### ***Sacramento***

651 Bannon Street, Suite 300  
Sacramento, California 95811  
(916) 576-4941

#### ***San Diego***

1455 Frazee Road, Suite 315 San Diego,  
California 92108 (619) 525-4233

#### ***San Francisco***

One Sansome Street, Suite 600  
San Francisco, California 94104-4428 (415)  
972-8559

### **HAWAII**

(for service of process)

Commissioner of Securities  
State of Hawaii, Dept. of Commerce &  
Consumer Affairs  
Business Registration Division –  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(844) 808-3222

(for other matters)

Commissioner of Securities  
State of Hawaii, Dept. of Commerce &  
Consumer Affairs  
Business Registration Division –  
Securities Compliance Branch  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(844) 808-3222

### **ILLINOIS**

Illinois Attorney General 500 South Second  
Street Springfield, Illinois 62706  
(217) 782-4465

## **INDIANA**

(for service of process)

Indiana Secretary of State 201 State House  
200 West Washington Street Indianapolis,  
Indiana 46204  
(317) 232-6531

(state agency)

Indiana Secretary of State Securities  
Division  
Room E-111  
302 West Washington Street Indianapolis,  
Indiana 46204  
(317) 232-6681

## **MARYLAND**

(for service of process)

Maryland Securities Commissioner at the  
Office of Attorney General- Securities  
Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

(state agency)

Office of the Attorney General- Securities  
Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

## **MICHIGAN**

Michigan Attorney General's Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building, 1st Floor 525  
West Ottawa Street  
Lansing, Michigan 48933  
(517) 335-7567

## **MINNESOTA**

Commissioner of Commerce Department of  
Commerce 85 7th Place East, Suite 280 St.  
Paul, Minnesota 55101 (651) 539-1500

## **NEW YORK**

(for service of process)

Attention: New York Secretary of State New  
York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6th Floor Albany,  
New York 12231-0001 (518) 473-2492

(Administrator)

NYS Department of Law Investor Protection  
Bureau 28 Liberty Street, 21st Floor New  
York, New York 10005 (212) 416-8236

## **NORTH DAKOTA**

(for service of process)

North Dakota Insurance &  
Securities Department  
600 East Boulevard Avenue  
Bismarck, North Dakota 58505-0510 (701)  
328-2910

(state agency)

North Dakota Insurance &  
Securities Department  
600 East Boulevard Avenue  
Bismarck, North Dakota 58505-0510  
(701) 328-2910

## **OREGON**

Oregon Division of Financial Regulation  
350 Winter Street NE, Suite 410  
Salem, Oregon 97301  
(503) 378-4140

Checkers/Rally's  
April 2026

## **RHODE ISLAND**

Securities Division  
Department of Business Regulations 1511  
Pontiac Avenue  
John O. Pastore Complex-Building 69-1  
Cranston, Rhode Island 02920  
(401) 462-9500

## **SOUTH DAKOTA**

Division of Insurance Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501 (605) 773-3563

## **VIRGINIA**

(for service of process)

Clerk, State Corporation Commission 1300  
East Main Street  
First Floor  
Richmond, Virginia 23219  
(804) 371-9733

(for other matters)

State Corporation Commission  
Division of Securities and Retail  
Franchising Tyler Building, 9th Floor  
1300 East Main Street Richmond, Virginia  
23219  
(804) 371-9051

## **WASHINGTON**

(for service of process)  
Director Department of Financial  
Institutions Securities Division  
150 Israel Road SW Tumwater, Washington  
98501  
(360) 902-8760

(for other matters)

Department of Financial Institutions  
Securities Division  
P. O. Box 41200  
Olympia, Washington 98504-1200  
(360) 902-8760

## **WISCONSIN**

(for service of process)

Administrator, Division of Securities  
Department of Financial Institutions 4822  
Madison Yards Way, North Tower Madison,  
Wisconsin 53705  
(608) 266-2139

(state administrator)  
Division of Securities  
Department of Financial Institutions 4822  
Madison Yards Way, North Tower Madison,  
Wisconsin 53705  
(608) 266-9555

**EXHIBIT B**

**FRANCHISE AGREEMENT**

**CHECKERS DRIVE-IN RESTAURANTS, INC.**

**FRANCHISE AGREEMENT**

---

FRANCHISEE

---

RESTAURANT NUMBER

---

RESTAURANT LOCATION



# CHECKERS DRIVE-IN RESTAURANTS, INC.

## FRANCHISE AGREEMENT

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EXHIBIT A – Franchisee Ownership Information

EXHIBIT B – Franchised Restaurant Information

EXHIBIT C – Franchise Addendum to Lease Agreement

EXHIBIT D – Form of Confidentiality and Non-Disclosure Agreement

OWNERS’ PERSONAL GUARANTY OF FRANCHISEE’S OBLIGATIONS

# CHECKERS DRIVE-IN RESTAURANTS, INC.

## FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made and entered into by and between **CHECKERS DRIVE-IN RESTAURANTS, INC.** (“Franchisor”, “we” or “us”), a Delaware corporation, with its principal place of business located at 4300 West Cypress Street, Suite 600, Tampa, Florida 33607, and \_\_\_\_\_ (“Franchisee” or “you”), a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_, as of the date signed by us and set forth opposite our signature on this Agreement (the “Effective Date”).

### 1. INTRODUCTION.

**1.01 Restaurants.** We own, operate and franchise “Checkers” and “Rally’s”-branded restaurants, which feature a limited menu of hamburgers, cheeseburgers, hot dogs and/or such other menu items as we may authorize at any time and from time to time. We have developed and own a comprehensive System (defined below in Section 1.04) for developing and operating Restaurants.

**1.02 Your Acknowledgments.** You have read this Agreement and our Franchise Disclosure Document. You understand the terms of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high quality standards at all Restaurants in order to protect the goodwill of the Marks and the integrity of the System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the restaurant industry is highly competitive, with constantly changing market conditions. You recognize that the nature of Restaurants may change over time, that an investment in a Restaurant involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts and financial resources. You have not received or relied on: (a) any guaranty or assurance, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement; or (b) any promises that any parent company or Affiliate will back us up financially or otherwise guarantee our performance.

**1.03 Your Representations.** You, and your Owners, if applicable, represent and warrant to us, that: (a) neither you nor any of your Owners has made any untrue statement of any material fact or has omitted to state any material fact in obtaining the rights granted hereunder; (b) neither you nor any of your Owners has any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive

Business, except as otherwise completely and accurately disclosed in your franchise application submitted to us; and (c) the execution and performance of this Agreement will not violate any other agreement to which you or of any of your Owners may be bound. You recognize that we have approved your franchise application in reliance on all of the statements you and your Owners have made in connection therewith.

**1.04 Certain Definitions.** The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

**“Affiliate”** – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

**“Bi-weekly Period”** – Each two (2)-week period starting on Tuesday and continuing through the second Monday thereafter, subject to change by us, and provided that the first Bi-weekly Period in any Fiscal Year shall begin on the first day of our Fiscal Year for that year, regardless of the day in the calendar week upon which that first day falls (currently the Tuesday closest to any December 31<sup>st</sup>, whether arising in late December of one calendar year or early January of the following calendar year).

**“Competitive Business”** – Any business that: (i) operates as a restaurant or similar food-service provider and derives more than twenty percent (20%) of its revenue from selling hamburgers, cheeseburgers and hot dogs in a fast-food, quick-service, drive-thru or drive-in format; or (ii) grants franchises or licenses to others to operate the type of business specified in subparagraph (i) (other than a “Checkers” or “Rally’s”-branded restaurant operated under a franchise agreement with us).

**“Confidential Information”** – Our proprietary and confidential information relating to the development and operation of Restaurants, including: (1) ingredients, recipes, and methods of preparation and presentation of food products we authorize; (2) site selection criteria for Restaurants and plans and specifications for the development of Restaurants; (3) sales, marketing and advertising programs and techniques for Restaurants; (4) identity of suppliers, and knowledge of specifications and pricing for food products, materials, supplies and equipment, we authorize; (5) knowledge of operating results and financial performance of Restaurants, other than the Franchised Restaurant and other Restaurants you own; (6) methods of inventory control, storage, product handling, training and management relating to Restaurants; (7) computer

systems and software programs; and (8) any and all other information we provide you, your Owners or Affiliates that is designated orally or in writing as proprietary or confidential, or by its nature would reasonably be understood to be proprietary or confidential, regardless of whether such information is specifically designated as proprietary or confidential.

“Customer Data” – Any information from, about, or relating to customers of your Franchised Restaurant that identifies, or can be used to identify, contact, locate, or be traced back to the specific person to whom such information pertains, or from which identification or contact information of an individual person can be derived. Customer Data includes any personally identifiable information, such as a person’s name, address, phone number, fax number, e-mail address, passport number, financial profile, credit card information, or any other information by which one is reasonably able to personally identify one or more individuals.

“Fiscal Year” – Our fiscal year, as we may determine at any time and from time to time, consisting of either 52 or 53 weekly periods (depending on the particular fiscal year), each containing seven (7) consecutive calendar days, the first weekly period of which shall coincide with the first day of the first Bi-weekly Period of the fiscal year. Currently, the last day of our Fiscal Year occurs on that particular Monday, and the first day our next Fiscal Year occurs on that particular Tuesday, closest to December 31<sup>st</sup> in any calendar year (regardless of whether such days arise in late December of one calendar year or early January of the next calendar year).

“Franchise Disclosure Document” – The most recent version of franchise disclosure document for Restaurants that we or our designee delivered to you, your Owners, and/or your authorized representative.

“Franchised Restaurant” – The Restaurant we authorize you to operate at the Premises.

“Immediate Family” – Spouse, legally-recognized domestic partners, parents, siblings, and children, whether natural or adopted, including any particular member thereof as may be referenced individually.

“Marks” – All trademarks, service marks, trade dress, and other commercial symbols that we currently authorize, or may in the future authorize, to identify, promote, and operate Restaurants and/or any services or products offered by Restaurants, including our distinctive building design and color scheme.

“Monthly Period” – Each period of two (2) consecutive Bi-weekly Periods that corresponds approximately to a calendar month, with the first day of the first Bi-weekly Period in any Monthly Period starting on the designated calendar day

(currently Tuesday) closest to the first day of a calendar month (whether arising late in the preceding calendar month or early in the following calendar month), and provided that the thirteenth Monthly Period in any Fiscal Year may encompass more than twenty-eight (28) calendar days).

“MSA” – A metropolitan statistical area, as determined by the U.S. Census Bureau.

“Net Sales” – All revenue received or receivable from operating the Franchised Restaurant, including the aggregate of all sales amounts from food, beverages and other products sold and services rendered at the Premises or otherwise rendered in connection with the Franchised Restaurant, and all monies derived from sales at or away from the Franchised Restaurant, whether from cash, check, credit or debit card, barter exchange, trade credit, or other credit transactions, but: (1) excluding all federal, state or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority; and (2) reduced by the amount of any documented refunds, credits, allowances, adjustments, promotional discounts we authorize, and charge-backs the Franchised Restaurant provides to customers in good faith.

“Non-Traditional Sites” – Any sites, locations or venues that independently generate customer traffic flow separate from the general customer traffic flow of the surrounding area, or by their nature are not tied to a particular physical location, including, without limitation: military bases; large big-box retail outlets; transportation-related venues (e.g., airports, train or bus stations, marinas, travel plazas or toll roads); sports or entertainment venues (e.g., stadiums, arenas, concert halls); major industrial or office complexes, hotels, educational facilities (e.g., school, college, and university campuses); casinos; hospitals and related rehabilitation or healthcare facilities; governmental institutions; amusement or recreational facilities (e.g., theme parks, outdoor municipal parks, zoos, or museums); grocery stores or departments stores; mobile-based channels of distribution (e.g., roving food trucks); and any co-branding locations or business endeavors where a Restaurant’s operations are inextricably associated with, or such operations are contained within or sharing the same physical building or operational premises as, another business (such as, for example and without limitation, a gas/convenience store or another restaurant concept).

“NPF” – The “National Production Fund,” as further described in Section 10.01.

“Operating Partner” – The individual identified in Exhibit A.

“Operations Manual” – Our confidential online operating manual, as we may amend at any time and from time to time, which may consist of one or more



manuals or communications, containing our mandatory and suggested standards, specifications and operating procedures relating to the development and operation of Restaurants and other information relating to your obligations under this Agreement. For purposes of this Agreement, the term “Operations Manual” also includes all instructions or communications we or our representatives may transmit to you or a substantial number of franchisees, whether in writing or through other media, concerning aspects or modifications to the System, standards, specifications and operating procedures, including bulletins, emails, limited access intranet sites, videotapes, audio tapes, or any other electronic medium.

“Operator(s)” – An individual or the individuals appointed and authorized by you to conduct day-to-day business activities at the Franchised Restaurant

“Owner” – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company or other legal entity.

“Premises” – The location for operation of the Franchised Restaurant selected by Franchisee and approved in writing by Franchisor, as identified in Exhibit B.

“Restaurants” – **INSERT BRAND: Checkers/Rally's** restaurants we or any of our Affiliates own, operate or franchise that use the Marks and System.

“System” – The business methods, designs and arrangements for developing and operating Restaurants, which include the Marks, building designs and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, methods of inventory control and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify at any time and from time to time.

“Transfer the Franchise” – or similar words – The direct or indirect sale, assignment, transfer, exchange, conversion, license, sublicense, lease, sublease, mortgage, pledge, collateral assignment, grant of a security, collateral or conditional interest or other encumbrance in or on, or other disposition, whether voluntary, involuntary, by operation of law or otherwise, of this Agreement, any interest in or right under this Agreement, any form of legal or beneficial ownership interest in you or any of your Owners, or any form of ownership interest or right to participate in or receive the benefit of the assets, revenues, income or profits of your Franchised Restaurant, or any one or more other acts or events not covered by the foregoing that we reasonably determine to be a form of direct or indirect transfer, including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, or a membership or partnership interest in, you or your Owners, or of any interest convertible into

or exchangeable for capital stock of, or a membership or partnership interest in, you or your Owners; (2) any merger or consolidation between you and another entity, whether or not you are the surviving entity, or any conversion of you or your Owners from one form of legal entity into another form of legal entity, or any sale, exchange, encumbrance or other disposition of your or their assets; (3) any transfer in connection with or as a result of a divorce, dissolution of marriage or similar proceeding or a property settlement or legal separation agreement in the context of a divorce, dissolution or marriage or similar proceeding, an insolvency, bankruptcy or assignment for benefit of creditors, a judgment, a corporate, limited liability company or partnership dissolution or otherwise by operation of law; (4) any transfer by gift, declaration of trust, transfer in trust, revocation of trust, trustee succession, trust termination, discretionary or mandatory trust distribution, occurrence of any event (e.g., death of a person) that affects or ripens the rights of contingent beneficiaries, exercise of a power of appointment, exercise of a withdrawal right, adjudication of you or any Owner as legally disabled, or upon or after your death or the death of any of your Owners by will, disclaimer of the laws of intestate succession or otherwise; or (5) any foreclosure upon your Franchised Restaurant or the transfer, surrender or loss by you or your Owners of possession, control or management of your Franchised Restaurant.

## **2. GRANT OF RIGHTS.**

**2.01 Grant of Franchise.** You have applied for a franchise to own and operate a Restaurant at a location we approve, which will be identified on Exhibit B (the “Premises”). Subject to the terms of this Agreement, we grant to you the right, and you assume the obligation, to operate a Restaurant at the Premises and to use the System solely in connection therewith, for a term of twenty (20) years, starting on the Effective Date (the “Term”). You may not conduct the business of the Franchised Restaurant or use the System at any site other than the Premises, or relocate the Franchised Restaurant, without our prior consent. The Franchised Restaurant may not be used for any purpose other than the operation of a Restaurant in compliance with this Agreement. You may conduct business only with customers at the Franchised Restaurant and may not engage in any catering or delivery businesses without or prior consent which may be withheld for any reason.

**2.02 Your Protected Area.** During the Term, and subject to the following Section 2.03, we will not operate (directly or through an Affiliate), or grant to a third party the right to operate, any “Checkers” or “Rally’s”-branded restaurant located within a particular geographic area (the “Protected Area”). The Protected Area, as defined by us, shall be the lesser of: (i) a one (1) mile radius from the center of the Premises if your Franchised Restaurant is located in a suburban or rural area or (ii) an area immediately surrounding the Premises that encompasses a population of twenty thousand (20,000) residents if your Franchised Restaurant is located in an

urban area. Notwithstanding the foregoing, we may, from time to time during the Term, at our sole option and upon providing notice to you, reduce or otherwise modify the size and/or boundaries of the Protected Area to encompass a geographic area immediately surrounding the Premises consisting of thirty thousand (30,000) residents. If at any time during the Term the population in the Protected Area becomes less than thirty thousand (30,000) residents, we have no obligation to expand or modify the size and/or boundaries of the Protected Area to include a greater population. You and we agree that upon any modification to the size and/or boundaries of the Protected Area pursuant to this Section, we are authorized to amend this Agreement to reflect such modification. You and we hereby agree that upon the amendment of this Agreement by us in accordance with this Section, the particular geographic area identified thereon shall be deemed the Protected Area under this Agreement.

**2.03 Our Reservation of Rights.** Except as expressly limited by Section 2.02 above, we and our Affiliates (and our respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all rights and discretion with respect to the Marks, the System, the sale of products and services similar or dissimilar to those offered by “Checkers” and “Rally’s”-branded restaurants, and the operation or franchising of “Checkers” and “Rally’s”-branded restaurants anywhere located or to be located, and may engage in any business activities whatsoever, within or outside the Protected Area, whenever and wherever we desire. Specifically, by way of example and without limitation, we reserve the following rights: (a) to establish and operate, and grant to others the right to operate, “Checkers” and “Rally’s”-branded restaurants at locations outside the Protected Area, on such terms and conditions as we deem appropriate (you acknowledge that such “Checkers” and “Rally’s”-branded restaurants may be in direct competition with your Franchised Restaurant, without regard to any adverse effects of such activities on your Franchised Restaurant and without any obligation or liability to you); (b) to establish and operate, and grant to others the right to operate, “Checkers” and “Rally’s”-branded restaurants, or other restaurants using any part or all of the System and/or Marks, that are located at or operated from Non-Traditional Sites within or outside the Protected Area; (c) to sell any products or services under the Marks or under any other trademarks, service marks or trade dress, through alternative channels of distribution, wherever located or operating (including, without limitation, the internet or similar electronic media and supermarkets); (d) to establish and operate, and grant to others the right to operate, restaurants identified by trademarks, service marks or trade dress, other than the Marks (including the **[INSERT BRAND: “Checkers”/“Rally’s”]** name and mark), pursuant to such terms and conditions as we deem appropriate and wherever such restaurants are located; (e) to acquire the assets or ownership interests of one or more businesses providing products and services similar or dissimilar to those provided at “Checkers” and “Rally’s”-branded restaurants, and to franchise, license or create similar arrangements with respect to these businesses once acquired, and which businesses we may (at our sole discretion, and without obligation) convert, or allow to be converted, to operations as “Checkers” or “Rally’s”-branded restaurants using any of the Marks and/or the System,

wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Protected Area, if applicable); and (f) to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at “Checkers” or “Rally’s”-branded restaurants, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Protected Area.

You acknowledge and agree that, except as expressly granted to you in Section 2.02 hereof, your rights hereunder are non-exclusive and you have no rights under this Agreement to participate in or benefit from any other business activity we or our Affiliate may undertake, regardless of whether such activity involves the Marks or the System. You waive, to the fullest extent permitted under applicable law, all claims, demands, or causes of action arising from or relating to any of the foregoing activities by us or any of our Affiliates in connection with our reserved rights under this Section 2.03.

### **3. DEVELOPMENT OF THE FRANCHISED RESTAURANT.**

**3.01 Site Acceptance Disclaimer.** You acknowledge and agree that, if we suggest, approve, or give you information regarding a site for the Premises, our action is not a representation or warranty of any kind, express or implied, of the site’s suitability for a Restaurant or any other purpose. We do not represent that we, or any of our Affiliates, owners, employees or agents, have special expertise in selecting sites. Our action indicates only that we believe that the site meets our then acceptable criteria and not that the Franchised Restaurant will be profitable or successful at the Premises. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we suggest or approve for the location of a Restaurant fails to meet your expectations. Accordingly, you acknowledge and agree that your acceptance of the franchise for a Restaurant pursuant to this Agreement is based on your own independent investigation of the site’s suitability for the Premises.

In consideration of our acceptance of the Premises, you and your Owners release us, and our Affiliates, officers, directors, employees and agents from any and all loss, damage and liability arising from or in connection with the selection and/or acceptance of the Premises for development as a Restaurant.

**3.02 Selection of Premises.** If you have suggested a location for the Franchised Restaurant which we have approved before or concurrently with the execution of this Agreement, the Premises will be set forth on Exhibit B. If we and

you have not agreed upon an approved location for the Franchised Restaurant before signing this Agreement, then you are responsible for selecting the site for the Franchised Restaurant within the geographic area described in Exhibit B ("Designated Area"). The Designated Area is delineated for the sole purpose of site selection and does not confer any territorial exclusivity or protection. You agree to obtain our written approval of the Franchised Restaurant's proposed site before signing any lease, sublease, or other document for the site. Within one hundred eighty (180) days after the Effective Date, you must locate and submit for our approval a site acceptable to us within the Designated Area for the Franchised Restaurant. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to assist in designating the location, although we will not conduct site selection activities for you. We will not unreasonably withhold our approval of a site that meets our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics; and the proposed site's size, appearance, and other physical characteristics.

You agree to send us a description of the proposed site, including a summary of the items listed above, along with a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. We will use reasonable efforts to approve or disapprove the proposed site within thirty (30) days after receiving your written proposal. If we do not approve of a proposed site, you must identify and notify us of new sites until we approve a site for the Franchised Restaurant. Upon our approval of a site, we will insert its address into Exhibit B, and it will be the Premises. The failure to insert such address into in Exhibit B shall not automatically affect the enforceability of this Agreement. If, after expending good faith best efforts (as we determine in our sole judgment), you are unable to locate a site acceptable to us within the Designated Area for the Franchised Restaurant within the prescribed time period under this Section, then you may request an extension of time to locate an acceptable site within the Designated Area, which we may grant to you in our sole discretion. If we grant you such an extension, you must pay us a nonrefundable extension fee of Five Thousand Dollars (\$5,000) as a condition to our granting such extension.

**3.03 Purchase or Lease of Premises.** We have the right to approve the terms of any lease, sublease or purchase contract for the Premises. You agree to sign, and have the landlord sign, the franchise addendum to lease agreement attached hereto as Exhibit C, containing certain required terms and provisions of the lease or sublease. Within sixty (60) days after our approval of a site for the Premises, you must deliver to us a copy of the fully signed lease, sublease or purchase contract and the franchise addendum to lease agreement. You may not modify the terms of the lease, sublease, purchase contract or franchise addendum to lease agreement without our approval. Our approval of the lease, sublease or purchase contract does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as

to your ability to comply with its terms. We do not, by virtue of approving the lease, sublease or purchase contract, assume any liability or responsibility to you or to any third parties. If, after expending good faith best efforts (as we determine in our sole judgment), you are unable to execute the lease, sublease or purchase agreement for the Premises within the prescribed time period under this Section, and we did not previously grant you an extension under Section 3.02 above, then you may request an extension of time to execute such lease, sublease or purchase agreement, which we may grant to you in our sole discretion. If we grant you such an extension, you must pay us a nonrefundable extension fee of Five Thousand Dollars (\$5,000) as a condition to our granting such extension.

**3.04 Development of the Premises.** You are responsible for developing the Franchised Restaurant, funding all expenses associated therewith, and for complying with the requirements of any applicable federal, state or local law, code or regulation, including those concerning the Americans with Disabilities Act (“ADA”) or similar rules governing public accommodations for persons with disabilities.

Upon your request, we will furnish you with the prototype plans for a Restaurant. You may be required to pay a fee for any prototype plans that we furnish to you. The prototype plans are to be used as a guideline for your use in developing a final set of plans for construction of the Franchised Restaurant. You may modify those prototype plans only as required to ensure that the plans and all specifications comply with all applicable federal, state and local laws, codes and regulations, ordinances, building codes and permit requirements and any lease requirements and restrictions. You may not make modifications to the dimensions or the exterior design of the building for the Franchised Restaurant without our specific authorization. You must submit all modified plans and specifications to us for our approval before seeking municipal approval to develop the Premises. Our review and approval of your plans are not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is your sole responsibility. At our request, you must submit to us all revised or “as built” plans and specifications. All development must be in accordance with the plans and specifications we have approved, and must comply with all applicable laws, ordinances and local rules and regulations. The architect and/or general contractor you use to design and construct the Franchised Restaurant must be approved by us in writing. Any architect, general contractor or other builders you use must be licensed and maintain architect’s, builder’s and/or contractors insurance (as applicable). Our approval of any architect, general contractor or other builders that you use to design or construct the Franchised Restaurant is not a representation or warranty of any kind, express or implied, of the architect's, general contractor's or other builder's qualifications or competence in designing or constructing the Franchised Restaurant. Our approval indicates only that we believe that the architect, general contractor or other builder meets our then acceptable criteria. We will furnish such guidance to you in developing the Premises as we deem appropriate. We may periodically inspect the Premises

during its development. We do not, by approving your plans or specifications or inspecting the Premises, assume any liability or responsibility to you or to any third parties. Such approvals and inspections shall be solely for the purpose of assuring compliance with our standards and shall not be construed as any express or implied representation or warranty that your Franchised Restaurant complies with any applicable laws, codes or regulations (including the ADA or any other federal, state or local law or ordinance regulating standards for access to, use of, or modifications of buildings by or for any persons whose disabilities are protected by law) or that the construction thereof is sound or free from defects. All prototype plans and other plans and specifications for the Franchised Restaurant shall be our sole and exclusive property.

You must apply for all requisite government approvals and permits to develop the Premises within sixty (60) days after your execution of the proposed lease, sublease or purchase agreement for the Premises. You must complete construction or installation of the Franchised Restaurant within one hundred eighty (180) days from receipt of all government approvals and permits. You must open the Franchised Restaurant within fourteen (14) days after the date construction or installation is completed, or, if the Franchised Restaurant receives training support from us, within nineteen (19) days after construction or installation is completed. We must approve the Franchised Restaurant for opening. If, after expending good faith best efforts (as we determine in our sole judgment), you are unable to obtain all requisite approvals and permits or complete construction of the Franchised Restaurant within the prescribed time periods under this paragraph, and we did not previously grant you an extension under Sections 3.02 or 3.03 above, then you may request an extension of time to obtain such governmental approvals and permits or complete construction, which we may grant to you in our sole discretion. If we grant you such an extension, you must pay us a nonrefundable extension fee of Five Thousand Dollars (\$5,000) as a condition to our granting such extension.

Your obligation to complete construction of the Franchised Restaurant includes obtaining all required construction and occupancy licenses and permits, developing the Premises (including all outdoor features and landscaping of the Premises), installing all required fixtures, furnishings, equipment and signs, and doing all other things required by this Agreement or by practical necessity to have the Franchised Restaurant ready to open for business. You must give us at least thirty (30) days' prior notice of the date on which you plan to open the Franchised Restaurant. You may not open the Franchised Restaurant for business until we have notified you that the Franchised Restaurant meets our requirements for opening, including payment in full of the initial franchise fee and all other amounts then owing to us, successful completion of our initial training program, and our receipt of your certificates of insurance in compliance with Section 9.07.

**3.05 Equipment, Furniture, Fixtures and Signs.** You agree to purchase or lease all required equipment, furnishings, fixtures and signs for the Franchised Restaurant. You agree to purchase or lease only such types, brands and models of fixtures, furniture, equipment, signs and supplies which we approve for Restaurants as meeting our standards and specifications, including standards and specifications for quality, design, warranties, appearance, function and performance. You may purchase or lease approved types, brands or models of fixtures, furniture, equipment, signs and supplies only from suppliers approved by us (including us and any of our Affiliates). From time to time, we may modify the list of approved types, brands, models and/or suppliers, and you may not, after receipt of notice of such modification, initiate any new orders for, or reorder, any type, brand or model, or otherwise transact with any supplier, which is no longer approved. If you elect, at your option, to use a pre-fabricated modular structure as the Franchised Restaurant's building, then you must: (i) purchase the modular components from, and have the structure erected and installed by, only suppliers we approve; and (ii) ensure that all aspects of the modular structure and its installation comply with your obligations under this Agreement and all applicable laws, regulations, ordinances, building codes, permit requirements and use requirements and restrictions.

If you propose to purchase any fixtures, furniture, equipment, signs or supplies of a type, brand or model, or from a supplier that we have not previously approved, you must notify us and submit to us all information we may request concerning the proposed item or supplier. We may impose reasonable inspection and supervision fees on you to cover our costs associated with evaluating any proposed supplier or item you request us to consider approving for use by the Franchised Restaurant or the System.

**3.06 Initial Advertising and Promotional Program.** If this Agreement is for a new Restaurant, you agree to contribute Fifteen Thousand Dollars (\$15,000) to the National Production Fund (the "Initial Advertising Deposit"). The Initial Advertising Deposit is due upon commencing construction at the Premises for the Franchised Restaurant. We describe the National Production Fund below in Section 10.01. We agree to use the Initial Advertising Deposit to conduct, through the NPF (and, if applicable, any local advertising cooperative), an initial advertising and promotional program for the Franchised Restaurant as we deem appropriate. The Initial Advertising Deposit will be used to purchase advertising and promotions for the Franchised Restaurant, and to cover the types of expenses incurred by the NPF relating to the Franchised Restaurant. Upon completion of the initial advertising and promotional program we shall (after deducting for incurred costs and expenses) credit any remaining amount from the Initial Advertising Deposit towards your required advertising contributions to the NPF or your local advertising cooperative. We make no representation or warranty as to the effectiveness of the initial advertising and promotional program for the Franchised Restaurant and have no obligation to account to you for the Initial Advertising Deposit (apart from our obligation to account for the NPF generally, as described in Section 10.01).



**3.07 Opening Assistance.** If you (or the Operating Partner) have not previously owned or managed a Restaurant, and you are opening a new Franchised Restaurant under this Agreement (i.e. not a transfer of an existing franchise), then we will provide you with such on-site support at the Premises as we deem appropriate to assist you in starting Franchised Restaurant operations, including up to ten (10) total days of pre-opening, opening, and post-opening assistance, and up to three (3) of our personnel or designees as on-site resources to assist you, as we determine in our sole judgment. For avoidance of doubt, we solely determine the timing, scheduling and staffing of the on-site opening assistance we will provide you in accordance with this Section, including the calendar dates, times of our support and whether those support days are provided consecutively or intermittently.

#### **4. TRAINING AND GUIDANCE.**

**4.01 Initial Training Program.** If you (or your Operating Partner) or any Operator have not within the immediately preceding eighteen (18) months owned or managed a “Checkers” or “Rally’s” Restaurant, then prior to opening the Franchised Restaurant, you (or your Operating Partner) and your Operator(s), as applicable, must attend and successfully complete an initial training program on the operation of a Restaurant at such time(s) and place(s) we designate. We may require you (or your Operating Partner) or your Operator(s) to attend and successfully complete periodic or additional training programs. We will not charge any fees for two (2) attendees attending the initial training program. We may charge fees for any additional attendees that you send to the initial training program, as well as for you and your personnel attending any additional training programs (whether optional or mandatory). You will be responsible for all compensation and expenses (including travel, meals and lodging) incurred by you and your personnel in attending any training programs. You must immediately replace any Operator (including the Operating Partner, as applicable) who fails to successfully complete any training program to our satisfaction. You acknowledge and agree that the initial training program and any additional training programs are provided to you and your personnel to protect our brand and the Marks and not to control the day-to-day operation of the Franchised Restaurant.

**4.02 On-Going Guidance.** We will furnish you periodic guidance with respect to the System, including improvements and changes to the System. Such guidance, at our discretion, will be furnished online in our Operations Manual database, bulletins and other written materials, consultations by telephone or in person at our offices or at the Franchised Restaurant, or by any other means of communications. At your request, we may provide special assistance for which you will be required to pay the per diem fees and charges we may establish at any time and from time to time.

**4.03 Operations Manual.** We will provide you with access to our confidential operating manual pursuant to our online database (the “Operations Manual”). You

agree to comply fully with all mandatory standards, specifications and operating procedures and other obligations contained in Operations Manual. We may modify Operations Manual at any time and from time to time to reflect changes in standards, specifications and operating procedures, provided no addition or modification may alter your fundamental status and rights under this Agreement. If a dispute develops relating to the contents of Operations Manual, our master copy will control. Operations Manual contains Confidential Information, and you agree not to copy any part of Operations Manual or to allow unauthorized persons access to Operations Manual.

## **5. TRADEMARKS.**

**5.01 Ownership of the Marks.** You acknowledge that we own the Marks. Your right to use the Marks is derived solely from this Agreement and is limited to conducting business pursuant to and in compliance with this Agreement. Your unauthorized use of any of the Marks constitutes a breach of this Agreement and an infringement of our rights to the Marks. This Agreement does not confer on you any goodwill or other interests in the Marks. Your use of the Marks and any goodwill established thereby inures to our exclusive benefit. All provisions of this Agreement applicable to the Marks apply to any additional or substitute trademarks, service marks and trade dress we authorize you to use. You may not at any time during or after the Term contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

**5.02 Use of the Marks.** You agree to use the Marks as the sole identification of the Franchised Restaurant, provided you identify yourself as the independent owner thereof in the manner we prescribe. You agree to use the Marks as we prescribe in connection with the sale of authorized food products, beverages and services. You may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including as an electronic media identifier, such as a website, web page or domain name) not expressly authorized by us in writing.

**5.03 Discontinuance of Use of Marks.** If it becomes advisable at any time for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks, service marks or trade dress, you agree to comply with our directions within a reasonable time after we provide notice to you. We will have no liability or obligation whatsoever with respect to any such required modification or discontinuance of any Mark or the promotion of a substitute trademark, service mark or trade dress.

**5.04 Notification of Infringements and Claims.** You must notify us immediately of any apparent infringement of or challenge to your use of any Mark, or any claim by another person of any rights in any Mark. You may not communicate with any person, other than us and our counsel (or other advisor as we may designate),

in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate and will have the right to control exclusively any litigation or U.S. Patent and Trademark Office proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark. You must sign any and all documents, render such assistance and do such things as may be advisable in the opinion of us or our counsel to protect our interests in any litigation or U.S. Patent and Trademark Office or other administrative proceeding or otherwise to protect our interests in the Marks.

**5.05 Indemnification of Franchisee.** We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your authorized use of any Mark pursuant to and in compliance with this Agreement and, except as provided herein, for all costs you reasonably incur in defending any such claim brought against you, provided: (i) you timely notified us of such claim pursuant to Section 5.04, and (ii) that you and your Owners and Affiliates are in compliance with this Agreement and all other agreements with us or any of our Affiliates. We, at our sole discretion, are entitled to prosecute, defend and/or settle any proceeding arising out of your use of any Mark pursuant to this Agreement, and, if we undertake to prosecute, defend and/or settle any such matter, we will have no obligation to indemnify or reimburse you for any fees or disbursements of any legal counsel or other advisors you may have retained.

## **6. FEES.**

**6.01 Initial Franchise Fee.** If we have approved the location of the Franchised Restaurant before signing this Agreement, then you agree to pay us an initial franchise fee of Thirty Thousand Dollars (\$30,000) on the date you sign this Agreement. If we and you have not agreed upon an approved location for the Franchised Restaurant before signing this Agreement, then you agree to pay us an initial franchise fee of Thirty Thousand Dollars (\$30,000) in two installments as follows:

- |                |                                                                                                  |
|----------------|--------------------------------------------------------------------------------------------------|
| Installment 1: | Ten Thousand Dollars (\$10,000) on the date you sign this Agreement; and                         |
| Installment 2: | the remaining Twenty Thousand Dollars (\$20,000) within 30 days of our approval of the Premises. |

If you fail, for whatever reason, to pay the initial franchise fee before the Franchised Restaurant is opened, the amount of the initial franchise fee shall increase by Five Hundred Dollars (\$500) per day upon and after the opening date until we receive the full amount of the initial franchise fee, including all cumulative daily increases accruing since the opening date. You agree that such increases are to compensate us for our expenses, including the administrative and collection efforts with respect to the fee, and are not interest charges, time-price differentials or penalties for an overdue

payment. Notwithstanding the foregoing, your failure to pay the initial franchise fee when due constitutes grounds for termination of this Agreement, as provided in Section 14.

If this Agreement is executed pursuant to a separate agreement between us and you or your Affiliate for multi-unit development of Restaurants (a “Development Agreement”), the initial franchise fee is subject to any applicable credit of a portion of the development fee against the initial franchise fee in accordance with the provisions of the relevant Development Agreement. If this Agreement is executed in connection with your purchase of an existing Restaurant from us or our Affiliate, then you must also pay us an asset transfer fee of Ten Thousand Dollars (\$10,000) in addition to the initial franchise fee, payable on or before closing of your purchase of the Franchised Restaurant’s assets. Notwithstanding the foregoing, if this Agreement is executed in connection with your independent purchase of (or other receipt of transferred ownership interests in) the Franchised Restaurant’s assets from a third party owner, then you will not pay us an initial franchise fee, but we must have received (on or before the Effective Date) the full amount of any associated transfer fee that was due to us in connection with that transaction.

The initial franchise fee (and asset transfer fee, if applicable) is fully earned by us as of the Effective Date and is non-refundable, except that we may provide you a refund of fifty percent (50%) of the initial franchise fee paid to us if: (a) you (i) are unable to obtain a site acceptable to us within the Designated Area for the Franchised Restaurant within the time period prescribed in Section 3.02, or (ii) despite having expended good faith best efforts (as we determine in our sole judgment), have not obtained all necessary permits, licenses, or other regulatory or municipal approvals to be able to open the Franchised Restaurant in accordance with applicable law within sixty (60) days after your execution of the proposed lease, sublease or purchase agreement for the Premises; and (b) you and your Owners execute general releases, in form and substance satisfactory to us, of any and all claims against us, and our Affiliates, officers, directors, employees, agents, successors and assigns.

**6.02 Royalty Fees.** You agree to pay us royalty fees of four percent (4%) of Net Sales, payable on or before the fifth (5<sup>th</sup>) and twentieth (20<sup>th</sup>) days of each calendar month with respect to the Net Sales accrued during the most recently ended Bi-weekly Period before the payment date.

**6.03 Sublease Administrative Fee.** If we agree to sublease the Premises of your Franchised Restaurant to you and remain on the master lease, then we will charge you a sublease administrative fee of up to 10% of the rent that remains due under the then-current lease term in consideration of our remaining a guarantor on the lease.

**6.04 Interest On Late Payments.** All amounts which you owe us or any of our Affiliates for any reason, including amounts payable into the NPF (as provided in Sections 3.05 and 10.01), shall bear interest accruing as of their original due date at the maximum interest rate permitted by law. If there is no applicable legal maximum rate, interest will be calculated at the rate of four percent (4%) above the prime rate of interest on the first day of each month for the past due amount, as published in The Wall Street Journal.

**6.05 Automatic Clearing House Agreement.** You agree, at our request, to sign an electronic payment authorization agreement in a form we prescribe that authorizes us to automatically debit your bank account, on the dates payments are due, for any royalty fees, rents, the Initial Advertising Deposit and other amounts due and owing under this Agreement and any other agreements between you and us. You agree to ensure that funds are available in your bank account to cover our withdrawals. If there are insufficient funds in your bank account to cover any such amount owed (or, if you are paying by check and a check is returned for insufficient funds), you must pay us, on demand, a processing fee of Two Hundred Fifty Dollars (\$250). If there are insufficient funds in your bank account, or if your check is returned for insufficient funds, then we may require you to make all subsequent payments to us by certified check. However, your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 14.

## **7. RESTRICTIVE COVENANTS.**

**7.01 Confidential Information.** We will disclose parts of our Confidential Information to you solely for your use in the operation of the Franchised Restaurant. The Confidential Information is proprietary and includes our trade secrets. During and after the Term: (a) you may not use the Confidential Information in any other business or capacity (as you hereby acknowledge that such prohibited use would be an unfair method of competition); (b) you must exert your best efforts to maintain the confidentiality of the Confidential Information, regardless of its format or medium of transmission to you; (c) you may not make unauthorized copies of any portion of the Confidential Information; and (d) you must implement all commercially reasonable procedures we prescribe at any time and from time to time to prevent unauthorized use or disclosure of the Confidential Information, including requiring any of your personnel who attends training or who has the ability to access our Confidential Information, to sign nondisclosure agreements in a form we prescribe or approve and delivering those agreements to us.

You further agree that you will not enter, input, upload, submit, or otherwise disclose any Confidential Information, including without limitation the Operations Manual to any publicly accessible or third-party artificial intelligence system, large language model, machine learning platform, chatbot, or similar service, including, without limitation, ChatGPT, Microsoft Copilot, Google Gemini, Claude, Perplexity,

and any similar or successor technologies (collectively, “Public AI Tools”), whether accessed via website, application, plugin, or other means, and will ensure that your owners, managers, employees, agents, contractors, and anyone acting on your behalf or with your permission likewise do not enter, input, upload, submit, or otherwise disclose any Confidential Information to Public AI Tools. You acknowledge that any such disclosure constitutes an unauthorized use or disclosure of Confidential Information and a material breach of this Agreement. You will implement reasonable measures to enforce this prohibition, including training personnel with access to Confidential Information about this restriction and incorporating this obligation into all applicable nondisclosure agreements described in the paragraph above. This prohibition survives the expiration or termination of this Agreement for so long as the information qualifies as Confidential Information under this Section.

**7.02 In-Term Covenants.** You acknowledge that we have granted you the franchise in consideration of, and reliance upon, your agreement to deal exclusively with us. You therefore agree that, during the Term and any successor franchise term, neither you, any of your Owners, nor any of your or your Owners’ Immediate Family will (without our prior consent, which consent we may condition or withhold for any or no reason):

(a) have any direct or indirect controlling or non-controlling ownership interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or customer of any Restaurant to a Competitive Business; or

(d) engage in any other activity which, in our sole opinion, might be injurious or prejudicial to the goodwill associated with the Marks or the System.

**7.03 Information Exchange.** You must promptly disclose to us all recipes, processes, ideas, concepts, advertising and promotional materials, website pages and content, methods, techniques or materials used or useful to a fast-food restaurant business, whether or not constituting protectable intellectual property, that you create, or that are created on your behalf or for your benefit by your Owners or employees, in connection with the development or operation of your Restaurant (collectively, the “Materials”). Any such Materials will be deemed our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any one of the

Materials does not qualify as a “work made-for-hire” for us (as such term is defined under Section 101 of the U.S. Copyright Act), by way of this paragraph you irrevocably convey, grant, transfer and assign ownership of the Material(s), and all related rights to the Materials, both during and after the Term, to us. You agree to take whatever action we request (including signing assignment or other documents) to evidence our ownership or to help us obtain intellectual property rights in the Materials as part of the System, and you warrant that you will obtain all rights from any third party acting on your behalf to comply with this provision.

**7.04 Procurement of Additional Covenants.** You agree to require and obtain the execution of our Nondisclosure and Non-Competition Agreement (Exhibit D) from all of the following persons:

- (a) Before employment or any promotion, your Operating Partner; and,
- (b) If you are a business entity, all Owners with at least a ten percent (10%) direct or indirect legal or beneficial ownership interest in you; all of your officers, directors and managers; and, all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls you. You shall procure all such Nondisclosure and Non-Competition Agreements no later than ten (10) days following the Effective Date (or, if any individual or entity attains any status identified above after the Effective Date, within ten (10) days after such individual or entity’s attains such status) and shall furnish to us copies of all executed Nondisclosure and Non-Competition Agreements within ten (10) days following their execution.

## **8. YOUR ORGANIZATION AND MANAGEMENT.**

**8.01 Organizational Documents.** If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you and each of your Owners represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state in which the Franchised Restaurant is located; (b) your undersigned signatory below has the authority to execute and deliver this Agreement on your behalf and that you are able and authorized to perform your obligations hereunder; (c) true and complete copies of the articles of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control have been delivered to us and all amendments thereto shall be promptly delivered to us; (d) your activities are restricted to those necessary solely for the development, ownership and operation of Restaurants in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates; (e) the articles of incorporation, partnership

agreement or other organizational documents recite that the issuance, transfer or pledge of any direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; and (f) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to such restrictions.

**8.02 Disclosure of Ownership Interests.** You and all of your Owners represent, warrant and agree that Exhibit A is current, complete and accurate as of the Effective Date. You agree to promptly notify us of any proposed or intended change to your ownership structure during the Term, to obtain our approval in accordance with the transfer conditions of Section 13.02 below before initiating any such change, and to sign a then-updated and accurate form of Exhibit A (which will replace its predecessor version of Exhibit A) if we approve the change. Each person who is or becomes an Owner must execute an agreement in form and substance as we then prescribe, undertaking to be bound jointly and severally by this Agreement. Each Owner must be an individual acting in his individual capacity, unless we waive this requirement.

**8.03 Operating Partner.** If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you must designate in Exhibit A as the “Operating Partner” an individual we approve who must: (a) own and control, or have the right to own and control (subject to conditions reasonably acceptable to us) not less than ten percent (10%) of your equity and voting rights; (b) have the authority to make, and bind you and all your Owners to, all operational decisions regarding the Franchised Restaurant; and (c) complete our training program to our satisfaction before engaging in his or her operational duties. You may not change the Operating Partner without our prior written consent.

You (or your Operating Partner): (a) shall exert full-time, best efforts to the development and operation of the Franchised Restaurant and all other Restaurants you own; and (b) may not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitments or otherwise may conflict with your obligations hereunder.

**8.04 Management of Business.** The Franchised Restaurant at all times must be under the direct, on-premises supervision of you (or your Operating Partner), or an Operator other than you (or your Operating Partner) that you appoint and authorize to conduct day-to-day business activities at the Franchised Restaurant, either of whom must (a) have sufficient experience (in our sole opinion) in the operation of a quick service restaurant; and (b) have successfully completed our initial training program to our satisfaction.

Even if you appoint an Operator for day-to-day operations, you (or your Operating Partner) must remain active in overseeing the Franchised Restaurant’s



ongoing business activities. If you (or your Operating Partner) own more than one Restaurant, then each such Restaurant must be under the direct on-premises supervision of an Operator with sufficient experience (in our sole opinion) in the operation of a quick service restaurant that we have approved.

You (or your Operating Partner) must keep us informed at all times of the identity of your Operator(s), and ensure that such personnel are competent and proficient in their duties. You (or your Operating Partner) are solely responsible for all employment decisions for the Franchised Restaurant, including hiring, firing, remuneration, personnel policies, training, benefits, and maintaining supervision and discipline.

## **9. RESTAURANT OPERATING STANDARDS.**

**9.01 Condition of Franchised Restaurant.** You must maintain the Franchised Restaurant's condition and appearance in an attractive and clean manner so that the Franchised Restaurant can be efficiently operated at all times. You agree to maintain the Franchised Restaurant's condition and appearance and to make such modifications and additions to its layout, decor, and general theme as we may require at any time and from time to time, including replacement of worn-out or obsolete fixtures, equipment, furniture, signs and utensils, repair of the interior and exterior and appurtenant drive-thru and parking areas, and periodic cleaning and redecorating of the Premises. If at any time the general state of repair, appearance or cleanliness of the Franchised Restaurant or its fixtures, equipment, furniture, signs or utensils, does not meet our standards, we may notify you and specify the action you must take to correct such deficiency. If, within ten (10) days after receiving such notice, you fail or refuse to initiate and thereafter continue in good faith and with due diligence a bona fide program to complete such required maintenance, we have the right (in addition to our rights under Section 14), but not the obligation, to enter the Premises and do such maintenance on your behalf and at your expense. You must promptly reimburse us for such expenses, which we may automatically debit from your bank account in accordance with Section 6.05.

You must periodically upgrade and/or remodel the Franchised Restaurant in accordance with our current prescribed plans, specifications and design model for new Restaurants (including, without limitation, any modifications or adjustments we authorize and timely introduce for similarly-situated Restaurants, or otherwise incorporate into the System for all franchisees), provided, however, we will not require minor remodeling (as defined in our Operations Manual) more than once during any five (5) year period of the Term or major remodeling (as defined in our Operations Manual) more than once during any ten (10) period of the Term. Notwithstanding the foregoing, if you are signing this Agreement because you are acquiring an existing Restaurant from us or a current franchisee of ours, then you must complete a major remodel of the Franchised Restaurant within one year of the Effective Date if the

Franchise Restaurant has not undergone a major remodel within the five (5) year period preceding the Effective Date. For purposes of this paragraph, by way of example only, if we require you to undertake a major remodel of the Franchised Restaurant to be completed no later than December 31 during the second (2<sup>nd</sup>) year of the Term, then the next possible major upgrade or remodel we could impose upon you would not be due any earlier than January 1 in the twelfth (12<sup>th</sup>) year of the Term. Any remodeling you perform pursuant to this Section must be approved by us in advance as conforming with our current prescribed plans, specifications and design model for new Restaurants. If you fail to obtain our advance approval of any remodeling, and such remodeling does not conform to our current prescribed plans, specifications and design model for new Restaurants, we reserve the right to require you to perform such additional remodeling as may be required to conform the Franchised Restaurant to our current prescribed plans, specifications and design model for new Restaurants.

If the Franchised Restaurant is damaged or destroyed by fire or other casualty, then you must initiate within thirty (30) days (and continue using best efforts until completion) all repairs or reconstruction to restore the Franchised Restaurant to its original condition. If, in our reasonable judgment, the damage or destruction is of such a nature that it is feasible, without incurring substantial additional costs, to repair or reconstruct the Franchised Restaurant in accordance with our then current layout and decor specifications for new Restaurants, we may require you to repair or reconstruct the Franchised Restaurant according to those specifications.

You may not make any alterations to the Franchised Restaurant, nor any replacements, relocations or alterations of fixtures, equipment, furniture or signs, without our prior approval. We have the right at your expense to rectify (including reversing) any replacements, relocations or alterations not previously approved by us.

**9.02 Uniform Image.** You agree that the Franchised Restaurant will offer for sale food, beverages and other products and services that we determine at any time and from time to time to be appropriate for the Franchised Restaurant. We may designate menu items as being required or optional and also may introduce test menu items on a required or optional basis. You further agree that the Franchised Restaurant will not, without our approval, offer any products or services (including promotional items) not then authorized by us. You agree that the Franchised Restaurant will offer courteous and efficient service and a pleasant ambiance.

**9.03 Suppliers, Products and Services.** You acknowledge that the reputation and goodwill of Restaurants is based on, and can be maintained only by, the sale of distinctive high quality products and services. Therefore, you agree that you will use in the development and operation of the Franchised Restaurant and/or offer for sale at the Franchised Restaurant only the, food products, beverages, ingredients, uniforms, packaging materials, menus, forms, labels and other supplies and other products and services that conform to our specifications and quality standards and/or

are purchased from the suppliers, distributors and service providers (collectively referred to herein as “supplier” or “suppliers”) we approve (which may include us and/or any of our Affiliates). We may modify the list of approved suppliers, brands of products, services or supplies and/or suppliers of those items. After notice of such modification, you may not initiate any new orders of, or reorder, any brand, or transact with any supplier, that we no longer approve for use with the System or by Restaurants generally (or by a particular subset of Restaurants, within our reasonable business judgment).

If you propose to use any brand and/or supplier which is not then approved by us, you must first notify us and submit sufficient information, specifications and samples concerning such brand and/or supplier so that we can decide whether such brand complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We have the right to charge reasonable fees to cover our costs. We will notify you of our decision within a reasonable period of time. We may prescribe procedures for the submission of requests for approval and impose obligations on suppliers, which we may require be incorporated in a written agreement. We may impose limits on the number of suppliers (which may include us or our Affiliates) and/or brands for any of the foregoing items.

Subject to the provisions contained in this Section 9.03, you acknowledge and agree that (i) we and/or our Affiliates may receive payments, fees, commission or reimbursements from suppliers and third parties in respect of such purchases, (ii) we and/or our Affiliates, owners, officers or other personnel may have investments in such suppliers, and (iii) we and/or our Affiliates may profit from your purchases from approved suppliers or receive other material consideration from suppliers on account of their dealings with you and other operators of Restaurants.

You must maintain at all times an inventory of approved food products, beverages, ingredients and other products sufficient in quantity, quality and variety to operate the Franchised Restaurant in accordance with our prescribed standards and specifications for Restaurants.

We may conduct market research to determine consumer trends and salability of new food products and services. You agree to cooperate by participating in our market research programs by test marketing new food products and services in the Franchised Restaurant and providing us timely reports and other relevant information regarding such market research. You must purchase a reasonable quantity of such test products and make a reasonable effort to sell them.

**9.04 Specifications and Standards.** You acknowledge that each and every aspect of the interior and exterior appearance, layout, decor, services, equipment and operation of the Franchised Restaurant is important to us and is subject to our specifications and standards. You agree to comply with all mandatory specifications,

standards and operating procedures, as modified at any time and from time to time (whether contained in Operations Manual or any other written communication) relating to the appearance, function, cleanliness or operation of a Restaurant, including: (a) type, quality, taste, weight, dimensions, ingredients, uniformity, and manner of preparation, packaging and sale of food products and beverages; (b) sales procedures and customer service; (c) advertising and promotional programs; (d) appearance and dress of employees; (e) safety, maintenance, appearance, cleanliness, sanitation, standards of service and operation of the Franchised Restaurant; (f) days and hours of operation; (g) bookkeeping, accounting and record keeping systems and forms; (h) repair, maintenance or replacement of damaged, non-functioning, worn out, obsolete, or unapproved equipment; and (i) customer service, brand loyalty programs and materials and media, including social media websites, used in these programs. For avoidance of doubt, if at any time we determine, in our reasonable judgment, the general state of repair, appearance or cleanliness of the Premises of the Franchised Restaurant or its fixtures, furnishings, equipment or signs does not meet our standards and specifications, we have the right to notify you, specifying the action you must take to correct the deficiency.

**9.05 Compliance With Laws.** You must maintain in force in your name all required licenses, permits and certificates relating to the operation of the Franchised Restaurant. You must operate the Franchised Restaurant in full compliance with all applicable laws, ordinances and regulations, including any law or regulation relating to terrorist activities. You must notify us in writing within 5 days after: (a) the commencement of any legal or administrative action, or the issuance of any order of any court, agency or other governmental instrumentality, which may adversely affect the development, occupancy or operation of the Franchised Restaurant or your financial condition; or (b) the delivery of any notice of violation or alleged violation of any law, ordinance or regulation, including those relating to health or sanitation at the Franchised Restaurant.

All of your advertising and promotion must be completely factual and must conform to the highest standards of ethical advertising. In all dealings with us, as well as your customers, suppliers, lessors and the public, you must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business, to the business of other Restaurants or to the goodwill associated with the Marks.

**9.06 Personnel.** The Franchised Restaurant must at all times be under the direct, on-premises supervision of an Operator who has completed our training program to our satisfaction and staffed by a sufficient number of competent and properly trained employees. You (or your Operating Partner) at all times must remain active in overseeing the operations of the Franchised Restaurant. If the relationship with your Operating Partner terminates, you must promptly hire a successor Operating Partner. Any successor Operating Partner must meet our approval and

must successfully complete our training program. You are solely responsible for all employment decisions for the Franchised Restaurant, including hiring, firing, remuneration, personnel policies, training, benefits, and maintaining supervision and discipline, regardless of whether you received advice from us on any of these subjects. You may not recruit or hire any person who is a management level employee of ours or of any Restaurant operated by us, our Affiliates or another franchisee of ours without obtaining the employer's consent, which consent may be withheld for any reason or no reason.

**9.07 Insurance.** During the Term you must maintain the following categories of insurance coverage in force at your sole expense: (a) general liability; (b) automobile for owned and hired, non-owned liability; (c) umbrella including employer's liability, general liability, and automobile liability; (d) property covering the Franchised Restaurant and personal property in an amount equal to 100% of the full replacement cost of the Franchised Restaurant and personal property, and business income coverage covering twelve (12) months of actual loss sustained; (e) workers' compensation (as required by statute); (f) employer's liability; (g) employment practices liability; (h) cyber insurance; and (i) any other insurance policies, as we may determine at any time and from time to time. All insurance policies must: (1) be issued by carriers approved by us with an A.M. Best Rating of not less than A VII; (2) contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we prescribe at any time and from time to time; (3) name us and our Affiliates as additional insureds for claims related to the operation of the Franchised Restaurant; (4) provide for thirty (30) days' prior written notice to us of any material modification, cancellation or expiration of such policy; (5) provide a waiver of subrogation in favor of us and our Affiliates; and (6) include such other provisions as we may require at any time and from time to time. These insurance policies must be primary to and without right of contribution from any other insurance policy purchased by us or any other indemnitee (as defined in Section 17.02 below); must not limit or reduce coverage for you if there is a claim by us or any one or more of the other indemnitees; and must extend to and provide indemnity for all of your indemnification obligations to us and the other indemnitees under this Agreement.

The minimum amount of liability coverage we prescribe from time to time in no way limits your liability to such minimum amounts. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

At our request, you must furnish us with such evidence of insurance coverage and payment of premiums as we require. If you fail or refuse to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, we, at our option and in addition to our other rights and remedies hereunder, may obtain such insurance

coverage on your behalf. If we do so, you must fully cooperate with us in our effort to obtain such insurance policies and pay us any costs and premiums we incur.

Your obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance we may choose to maintain, nor does it relieve you of your obligations under Section 17.02.

**9.08 Social Media Sites.** We may maintain one or more social media sites (e.g., Twitter, Facebook, or such other social media sites). You may not establish or maintain any social media sites utilizing any user names, or otherwise associating with the Marks, without our advance written consent. We may designate at any time and from time to time regional or territory-specific user names/handles to be maintained by you. You must adhere to the social media policies that we establish at any time and from time to time and you will require all of your owners and employees to do so as well.

**9.09 Customer Data.** All information, mailing lists and data bases of Customer Data from whatever source derived, shall be our property. You agree not to use such information, except in connection with your Franchised Restaurant in accordance with this Agreement. You agree not to use, process, copy, display, publish, store or transfer the Customer Data without our approval. You agree to comply with all applicable laws with respect to Customer Data; in addition, you agree to comply with our data privacy and security requirements and to exert commercially reasonable efforts to prevent the unauthorized use, dissemination, or publication of Customer Data, subject in all instances to applicable laws. You shall promptly notify us if you become aware of any unauthorized access to the Customer Data, or if you become the subject of any governmental, regulatory, or other enforcement or private proceeding relating to your data handling practices of Customer Data.

**9.10 Credit Cards.** You agree to use the system and equipment we require for processing credit cards and any costs to do so are at your expense. You agree to abide by (i) the Payment Card Industry (“PCI”) Data Security Standards enacted by the applicable Card Associations (as they may be modified at any time and from time to time or as successor standards are adopted); and (ii) all other security standards and guidelines that may be published at any time and from time to time by payment card companies and applicable to customer credit card and debit card information. If you know or suspect a security breach, you must immediately notify us. You will promptly identify and remediate the source of the compromise. You assume all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories and transaction concerning customers of your Franchised Restaurant.

**9.11 Pricing.** We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with

respect to the prices you may charge for products and services. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which you may charge customers for the products and/or services offered by your Franchised Restaurant; recommending retail prices; advertising specific retail prices for some or all products or services sold at your Franchised Restaurant; to engage in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which your Franchised Restaurant may charge the public for the products and services it offers. We may engage in any such activity either periodically or throughout the Term. Further, we may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge that the prices we prescribe or suggest may or may not optimize the revenues or profitability of your Franchised Restaurant and you irrevocably waive any and all claims arising from the establishment or suggestion of your Franchised Restaurant's retail prices.

## **10. MARKETING AND ADVERTISING.**

**10.01 National Production Fund.** We may, in our sole discretion, establish and administer a National Production Fund ("NPF") for the creation and production of marketing materials and preparation of advertising campaigns. In addition to the Initial Advertising Deposit under Section 3.06, you must contribute to the NPF amounts that we establish at any time and from time to time, not to exceed three percent (3%) of Net Sales, which are payable semi-monthly together with the royalty fees due hereunder. Upon notice from us, you may be required to contribute to the NPF on a monthly basis as the previous month's Net Sales are reported, but no later than the 20<sup>th</sup> day of each month.

The NPF may be incorporated or operated through a separate entity as we deem appropriate in our sole discretion. Any such entity will have all of the rights and duties as specified in this Section. We will direct all programs that the NPF finances, including, without limitation, the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The NPF may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

Although the NPF is intended to maximize general recognition and patronage of the Marks for the benefit of all Restaurants, we cannot assure you that any particular Restaurant will benefit directly or pro-rata from the placement of advertising. The NPF may be used to pay for the cost of preparing and producing materials and campaigns we select, including video, audio and written advertising and point-of-purchase (“POP”) materials, and for the cost of employing advertising agencies, in house staff and supporting market research activities. We may furnish you with marketing, advertising and promotional materials (including POP materials) at cost, plus any related administrative, shipping, handling and storage charges. These costs may vary based on individual Restaurants and their merchandising capacity.

The NPF will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries, administrative costs and overhead we may incur in activities related to the administration of the NPF and its programs, including conducting market research, preparing marketing materials and advertising campaigns and collecting and accounting for contributions to the NPF. We will use all interest earned on NPF contributions to pay costs before using the NPF’s other assets. We may spend in any fiscal year an amount greater or less than the aggregate contributions of all Restaurants to the NPF in that year, and the NPF may borrow from us or other lenders (paying reasonable interest) to cover deficits in the NPF, or invest any surplus for future use by the NPF. We will prepare annually a statement of monies collected and costs incurred by the NPF and furnish you a copy upon your written request.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect NPF contributions at the NPF’s expense. We also may forgive, waive, settle, and compromise all claims by or against the NPF. Except as otherwise expressly provided in this Section, we assume no direct or indirect liability or obligation with respect to the maintenance, direction or administration of the NPF. We do not act as trustee or in any other fiduciary capacity with respect to the NPF.

We may at any time defer or reduce contributions of a Restaurant and, upon thirty (30) days’ prior written notice to you, reduce or suspend NPF contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the NPF. If we terminate the NPF, we will distribute all unspent monies to our “Checkers” and “Rally’s” franchisees, and to us and our Affiliates, in proportion to their, and our, respective NPF contributions during the preceding twelve (12) month period, or as otherwise provided by the organizational documents of the NPF.

Notwithstanding anything to the contrary contained herein, the NPF may be used to promote other restaurant concepts that we or any of our Affiliates own or franchise (including **INSERT OPPOSITE BRAND: “Checkers”/“Rally’s”**). We shall have no liability for the allocation of funds of NPF to any such other restaurant concepts.



**10.02 Your Advertising.** You agree to spend on advertising and promoting the Franchised Restaurant such amounts as we establish at any time and from time to time. We require you to spend a minimum of four and one-half percent (4.5%) of Net Sales during each of your fiscal quarters on advertising and promoting the Franchised Restaurant, however, your advertising spending could exceed this amount if you are a member of a local or regional advertising cooperative whose required contribution rate, when added to your required advertising spending obligations (including contributions to the NPF), exceeds four and one-half percent (4.5%) of Net Sales. For these purposes, we will credit the following types of advertising expenditures toward this requirement: (a) amounts contributed to the NPF (other than the Initial Advertising Deposit); (b) amounts contributed to an advertising cooperative or an advertising purchasing collective; and (c) amounts spent for advertising and promoting your Franchised Restaurant media, such as television, radio, newspaper, billboards, posters, direct mail, yellow pages, collateral promotional and novelty items (e.g. Checkers taxicabs), advertising on public vehicles, such as cabs and buses, and, if not provided by us, the cost of producing approved materials necessary to participate in these media. Advertising expenditures do not include amounts spent for items which we, in our reasonable judgment, deem inappropriate for meeting the minimum advertising requirement, including permanent on-premises signs and menu boards, lighting, menus, vehicle maintenance (even though such vehicles may display the Marks), premiums, discounts, free offers, and employee incentive programs.

You must submit to us for our prior approval, samples of all advertising and promotional materials not prepared or previously approved by us and which vary from our standard advertising and promotional materials. You may not use any advertising or promotional materials that we have disapproved.

We have the right to establish local and/or regional advertising cooperatives for “Checkers” and/or “Rally’s” restaurants in your local or regional area, covering such geographical areas as we may designate at any time and from time to time. You must participate in such advertising cooperative and its programs (other than price advertising, as to which you may choose not to participate) and abide by its by-laws. You must contribute such amounts to the advertising cooperative(s) as they determine at any time and from time to time in accordance with their by-laws. Any Restaurants owned by us or any of our Affiliates located in such designated local or regional area(s) will contribute to the cooperative(s) on the same basis. Contributions to such local and regional advertising cooperatives are credited toward the 4.5% advertising expenditures required by this Section; however, if we provide you and your local and/or regional advertising cooperative ninety (90) days’ notice of a special regional promotion, you must participate in such promotion and pay to us any regional advertising fees assessed in connection therewith, beginning on the effective date of such notice and continuing until such regional promotion is concluded. Any such special regional advertising fees shall be in addition to, and not credited towards, the 4.5% advertising expenditure required by this Section.

If your Franchised Restaurant is located in a geographical area where we have not established an advertising cooperative, then, at our option, you will be required to either (i) spend the difference between the current NPF contribution rate and 4.5% of your Net Sales marketing your Franchised Restaurant in your local market, (ii) contribute to an advertising purchasing collective that we establish and control (which may not be governed by by-laws similar to a typical local or regional advertising cooperative where you will have voting rights), or (iii) join a local or regional cooperative that we create in your designated marketing area. If we require you to contribute to an advertising purchasing collective, we will provide you with an accounting of the amount spent in your designated marketing area.

You agree not to promote, offer or sell any products or services relating to your Franchised Restaurant, or to use any of the Marks, through the Internet without our consent, which consent may be withheld for any reason or no reason. In connection with any such consent, we may establish such requirements as we deem appropriate, including (a) obtaining our prior written approval of any Internet domain name and home page addresses; (b) submission for our approval of all Web site pages, materials and content; (c) use of all hyperlinks and other links; (d) restrictions on use of any materials (including text, video clips, photographs, images and sound bites) in which any third party has any ownership interest; and (e) obtaining our prior written approval of any modifications.

## **11. RECORDS AND REPORTS.**

**11.01 Records.** You agree to prepare and to maintain for 3 years complete and accurate books, records (including invoices and records relating to your advertising expenditures) and accounts (using our standard chart of accounts) for the Franchised Restaurant, copies of your sales tax returns and such portions of your state and federal income tax returns as relate to the Franchised Restaurant. All such books and records shall be kept at the Premises, unless we otherwise approve.

You must record all sales on electronic cash registers designated or approved by us at any time and from time to time. You may be required to use computers and computer-based cash registers which are fully compatible with our computer system and which include an information interface capability to communicate electronically with our computer system. We may require you to obtain, and at any time and from time to time update and/or upgrade, equipment, software and/or related services for record keeping and reporting purposes, including facilitating communications between your computers and computer-based cash registers and our computer system. We have the right to use the data we collect for any purpose, except that we shall not provide financial data to third parties, outside of our System or network of Restaurants, in such a form that readily identifies the Franchised Restaurant, unless we are required to do so by law, regulation, or order. If we require you to use proprietary software, you agree to execute and comply with such software license agreements as we deem necessary to

protect our interests, and you agree to pay such license, training, and maintenance fee as we deem reasonably appropriate.

**11.02 Periodic Reports.** You must furnish us: (a) no later than the fifth (5<sup>th</sup>) day following the end of each Bi-weekly Period, a report of Net Sales for such Bi-weekly Period; (b) no later than the fifteenth (15<sup>th</sup>) day following the end of each calendar month, an income statement and statement of cash flow for the Franchised Restaurant for such calendar month and for the year-to-date and a balance sheet as of the end of such month; (c) within ninety (90) days after the end of each Fiscal Year, a year-end balance sheet and income statement and statement of cash flow of the Franchised Restaurant for such Fiscal Year, reflecting all year-end adjustments and accruals; and (d) such other information as we may require at any time and from time to time, including food and labor cost reports and sales and income tax statements. You must verify that the information in each such report and financial statement is complete and accurate and sign it. We have the right to disclose data from such reports and statements if we consider disclosure advisable. We reserve the right to require that your annual financial statements be audited, at your expense, by an independent certified public accountant approved by us.

## **12. INSPECTIONS OF THE FRANCHISED RESTAURANT.**

**12.01 Inspections.** We and our designated agents have the right at any reasonable time and without prior notice to: (a) inspect the Franchised Restaurant; (b) observe, photograph, audio-tape and/or video tape the operations of the Franchised Restaurant; (c) remove samples of any food and beverage products, materials or supplies for testing and analysis; and (d) interview personnel and customers of the Franchised Restaurant. You agree to cooperate fully with such activities. You acknowledge that any evaluation or inspection that we or our designated agents or representatives conduct is conducted in order to protect our interests in the System and the Marks and is not intended to exercise, and does not constitute, in whole or in part, control over the day-to-day operation of the Franchised Restaurant and you agree to never contend otherwise.

**12.02 Audits.** We have the right at any time during business hours, and without prior notice to you, to inspect, copy and audit the books, records, tax returns and documents relating to the development, ownership, lease, occupancy or operation of the Franchised Restaurant. You must cooperate fully with our representatives and independent accountants conducting such audits. If any inspection or audit discloses an understatement of Net Sales, you must pay us, within 7 days after receipt of the audit report, the royalties and NPF contributions due on the amount of such understatement, plus interest (as provided in Section 6.04) from the date originally due until the date of payment. Further, if such inspection or audit is made necessary by your failure to furnish reports, records or information on a timely basis, or if we determine an understatement of Net Sales for the period of any audit to be greater

than 2%, you must reimburse us for the cost of such audit or inspection, including the charges of any attorneys and independent accountants and the travel expenses, room and board and compensation of our employees.

### **13. FRANCHISEE'S RIGHT TO TRANSFER.**

**13.01 Franchisor's Approval.** The rights and duties created by this Agreement are personal to you or, if you are a business corporation, partnership, limited liability company or other legal entity, your Owners. Accordingly, neither you nor any of your Owners may transfer the Franchise without our approval and without complying with all of the provisions of Section 13. Any transfer without such approval or compliance constitutes a breach of this Agreement and is void and of no force or effect.

**13.02 Conditions for Approval.** If we have not exercised our right of first refusal under Section 13.06, we will not unreasonably withhold our approval of a transfer of the Franchise that meets all of the reasonable restrictions, requirements and conditions we impose on the transfer, the transferor(s) and/or the transferee(s), including the following:

(a) you have completed development of the Franchised Restaurant and are operating the Franchised Restaurant in accordance with this Agreement;

(b) you and your Owners and Affiliates are in compliance with the provisions of this Agreement and all other agreements with us or any of our Affiliates;

(c) the proposed transferee, or its Owners (if the proposed transferee is a legal entity), must provide us on a timely basis all information we request, must be individuals acting in their individual capacities who are of good character and reputation, who must have sufficient business experience, aptitude and financial resources to operate the Franchised Restaurant, and who must otherwise meet our approval;

(d) the proposed transferee may not be an entity, or be affiliated with an entity, that is required to comply with reporting and information requirements of the Securities Exchange Act of 1934, as amended;

(e) the transferee (or its operating partner) and its operators must have completed our initial training program to our satisfaction;

(f) the transferee (and its owners) must agree to be bound by all of the provisions of this Agreement for the remainder of its term or, at our option, execute our then current standard form of franchise agreement and related documents used in the state in which the Franchised Restaurant is located (which may provide for different royalties, advertising contributions and expenditures, duration and other

rights and obligations than those provided in this Agreement and which we may require to be guaranteed by you and your Owners);

(g) if you executed this Agreement pursuant to a development agreement, then the transferee must acquire, in a concurrent transaction, all of your rights, and the rights of your Owners and Affiliates, under such development agreement (or any successor development agreement) and all franchise agreements for Restaurants that you or your Owners or Affiliates executed pursuant to such development agreement (or any predecessor or successor development agreement);

(h) the transferee agrees (if the transfer is of this Agreement) to upgrade, remodel, expand and/or remodel the Franchised Restaurant in accordance with our current prescribed plans, specifications and design model for Restaurants (including, without limitation, any modifications or adjustments we authorize and timely introduce for similarly-situated Restaurants, or otherwise incorporate into the System for all franchisees) and to add or replace fixtures, furniture, equipment, signs and supplies in accordance with our then current requirements and specifications for Restaurants within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken);

(i) you must ensure that we receive, before we will approve any proposed transferee to begin conducting business activities at the Franchised Restaurant as its authorized operator, a transfer fee equal to Twenty Thousand Dollars (\$20,000) (or, if the proposed transferee is a then-current franchisee of a Restaurant, a transfer fee equal to Ten Thousand Dollars (\$10,000)), provided, however, if this Agreement is being transferred as part of a transaction involving franchise agreements for multiple Restaurants and the franchise agreement for each Restaurant will be transferred on the same day, notwithstanding anything to the contrary in any other franchise agreement governing another Restaurant that is included as part of the transfer, the transfer fee will be Twenty Thousand Dollars (\$20,000) or Ten Thousand Dollars (\$10,000) for the first Restaurant, depending on whether the transfer is to a new franchisee or a then-current franchisee, plus Five Thousand Dollars (\$5,000) for each additional Restaurant to be transferred;

(i) you and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to us, of any and all claims against us and our Affiliates, stockholders, officers, directors, employees, agents, successors and assigns;

(j) we must not have disapproved the material terms and conditions of such transfer (including the price and terms of payment) on the basis that they are so burdensome as to be likely, in our judgment, to adversely affect the transferee's

operation of the Franchised Restaurant or its compliance with its franchise agreements and any development agreements;

(k) if you (or any of your Owners or Affiliates) finance any part of the sale price of the transferred interest, you and/or your Owners or Affiliates must agree that all obligations of the transferee, and security interests reserved by any of them in the assets of the Franchised Restaurant, will be subordinate to the transferee's obligations to pay all amounts due us and our Affiliates and to otherwise comply with this Agreement or the new franchise agreement executed by the transferee;

(l) you (and your Immediate Family) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 16.03 below; and

(m) you and your Owners and Affiliates must execute such other documents and do such other things as we may reasonably require to protect our rights under this Agreement and under any development agreement.

**13.03 Effect of Approval.** Our approval of a transfer of the Franchise does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects of success of the Franchised Restaurant by the transferee; or (b) a release of you and your Owners, a waiver of any claims against you or your Owners or a waiver of our right to demand the transferee's exact compliance with this Agreement. Any approval shall apply only to the specific transfer of the Franchise being proposed and shall not constitute an approval of, or have any bearing on, any other transfer of the Franchise.

**13.04 Special Transfers.** Neither Section 13.06 nor Section 13.02(a), (c), (f) or (h) shall apply to any transfer of the Franchise among any of your then current Owners. Neither Section 13.06 nor Section 13.02(h) or (j) shall apply to any transfer of the Franchise to any member of your Immediate Family or the Immediate Family of a then current Owner of Franchisee (if a business corporation, partnership, limited liability company or other entity). On thirty (30) days' notice to us, you (if you are an individual or partnership) may transfer this Agreement, in conjunction with a transfer of all of the assets of the Franchised Restaurant, by an agreement in form and substance approved by us, to a corporation or limited liability company which conducts no business other than the Franchised Restaurant (and other Restaurants under franchise agreements granted by us), and of which you own and control all of the equity and voting power of all issued and outstanding capital stock. None of the foregoing assignments shall relieve you or your Owners of your respective obligations hereunder, and you and your Owners remain jointly and severally liable for all obligations hereunder.

**13.05 Death or Disability of Franchisee.** Upon your death or permanent disability, or the death or permanent disability of the Operating Partner or an Owner of a controlling interest in Franchisee, the executor, administrator or other personal representative of such person shall transfer his interest in this Agreement or his interest in Franchisee to a third party approved by us in accordance with all of the applicable provisions of Section 13 within a reasonable period of time, not to exceed nine (9) months from the date of death or permanent disability.

**13.06 Franchisor's Right of First Refusal.** If you or any of your Owners desire to transfer the Franchise for legal consideration, you or such Owner must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least five percent (5%) of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to us a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under development agreements or other franchise agreements for Restaurants) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to us, and the price and terms of purchase offered to you or your Owners for the transfer of the Franchise must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.

We have the option, exercisable by notice delivered to you or your Owners within thirty (30) days from the date of delivery of a complete and accurate copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that: (a) we may substitute cash for any form of payment proposed in such offer; (b) our credit shall be deemed equal to the credit of any proposed purchaser; and (c) we will have not less than ninety (90) days from the option exercise date to consummate the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of our right of first refusal. We may conduct such investigation and analysis in any manner we deem reasonably appropriate and you and your Owners must cooperate fully with us in connection therewith. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights and obligations described in this Section 13.06.

If we exercise our option to purchase, we are entitled to purchase such interest subject to all representations and warranties, releases, non-competition covenants, closing documents and indemnities as we reasonably may require. If we do not exercise our option to purchase, you or your Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 13.01 and 13.02, provided that if the sale to such offeror is not completed within ninety (90) days after delivery of such offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we will have

an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the thirty (30) calendar day period following your notification of the expiration of the ninety (90) calendar day period or the material change to the terms of the offer.

**13.07 Securities Offerings.** Neither you nor any of your Owners may issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates. Under no circumstances may you or any of your Owners issue or sell your securities or the securities of any of your Affiliates, if: (1) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons; or (2) after such issuance or sale, you or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

#### **14. TERMINATION OF AGREEMENT.**

**14.01 Immediate Termination.** You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if you become insolvent by reason of your inability to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; if you file a petition in bankruptcy, reorganization or similar proceedings under the bankruptcy laws of the United States or have such a petition filed against you which is not discharged within thirty (30) days; if a receiver or other custodian, permanent or temporary, is appointed for your business, assets, property; if you request the appointment of a receiver or make a general assignment for the benefit of creditors; if final judgment against you in the amount of Twenty-Five Thousand Dollars (\$25,000) or more remains unsatisfied of record for thirty (30) days or longer; if your bank accounts, property or accounts receivable are attached; if execution is levied against your business or property; if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within thirty (30) days; if you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within thirty (30) days; or if your assets, property or interests are “blocked” under any law or regulation relating to terrorist activities or if you are otherwise in violation of any such law or regulation.

**14.02 Termination Upon Notice.** In addition to our right to terminate pursuant to other provisions of this Agreement and under applicable law, we have the right to terminate this Agreement, effective upon delivery of notice of termination to you, if you or any of your Owners or Affiliates:



- (a) fail to locate, and submit for our approval, an acceptable site for the Premises, as provided in Section 3.02;
- (b) fail to sign a lease, sublease or purchase contract for the Premises, as provided in Section 3.03;
- (c) fail to open the Franchised Restaurant and start business, as provided in Section 3.04;
- (d) abandon or fail to actively operate the Franchised Restaurant for three (3) consecutive days, except where such failure to actively operate results solely from events constituting force majeure;
- (e) surrender or transfer control of the operation of the Franchised Restaurant without our prior consent;
- (f) make any material misstatement or omission in an application for a Restaurant franchise or in any other information provided to us;
- (g) suffer cancellation or termination of the lease or sublease for the Franchised Restaurant;
- (h) are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the goodwill associated with the Marks;
- (i) make an unauthorized Transfer of the Franchise or fail to Transfer the Franchise or the interest of a deceased or disabled principal Owner of Franchisee as herein required;
- (j) make any unauthorized use or disclosure of any Confidential Information or use, duplicate or disclose any portion of Operations Manual in violation of this Agreement;
- (k) fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;
- (l) fail or refuse to comply with any mandatory specification, standard or operating procedure prescribed by us in this Agreement or in Operations Manual relating to the cleanliness or sanitation of the Franchised Restaurant or violate any health, safety or sanitation law, ordinance or regulation and do not correct such failure or refusal within twenty-four (24) hours after written notice thereof is delivered to you;

(m) fail to report accurately Net Sales or to make payment of any amounts due us or any of our Affiliates, and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(n) understate the Franchised Restaurant's Net Sales three (3) times or more during the Term or by more than five percent (5%) on any one occasion;

(o) fail to make a timely payment of any amount due to a supplier unaffiliated with us (other than payments which are subject to bona fide dispute), and do not correct such failure within thirty (30) days after we deliver to you notice of such failure to comply;

(p) fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure prescribed by us in this Agreement or in Operations Manual and do not correct such failure within thirty (30) days after notice of such failure to comply is delivered to you;

(q) fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to submit when due reports or other data, information or supporting records or to pay when due royalties, contributions to local or regional advertising cooperatives, NPF contributions or other payments due us, any of our Affiliates or any unaffiliated suppliers or otherwise fail to comply with this Agreement or Operations Manual, whether or not such failure is corrected after notice is delivered to you; or

(r) are in default or suffer termination of any other agreement with us or any of our Affiliates.

**14.03 Cross-Default.** Any default or breach by you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates) of any other agreement with us or our Affiliate will be considered an event of default under this Agreement, and any default or breach by you (or any of your Owners) of this Agreement will be considered an event of default or breach by you under any and all agreements between us or our Affiliate and you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates). If the nature of the default under any other agreement would have been considered an event of default under this Agreement, then we or our Affiliate will have the right to terminate all other agreements between us or our Affiliate and you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates) in accordance with the termination provisions of this Agreement. Notwithstanding the foregoing, if you are operating under a Development Agreement that terminates solely as a result of your failure to comply with the development schedule set forth in that agreement, then such termination of the Development Agreement will not result in a termination (constructive or otherwise) of this Agreement if you have fully performed and otherwise been in compliance with all of your obligations under this Agreement.

## **15. RENEWAL RIGHTS.**

**15.01 Your Right To Acquire a Successor Franchise.** You will have the right, subject to the conditions contained in the entirety of this Section 15, to acquire a successor franchise for the Franchised Restaurant on the terms and conditions of a then current form of franchise agreement for Restaurants, as further described in Section 15.03 below, provided that upon expiration of the Term: (a) you and your Owners and Affiliates are in compliance with this Agreement and any other agreements with us or any of our Affiliates, and you and your Owners have been in substantial compliance with this Agreement throughout the Term; and (b) you maintain the right to possession of the Premises for the term of the successor franchise agreement and enter into an agreement with us whereby you agree within a specified time period, starting on the signing of a successor franchise agreement, to remodel the Franchised Restaurant, add or replace improvements, fixtures, furnishings, equipment and signs and otherwise modify the Franchised Restaurant to upgrade the Franchised Restaurant to the specifications and standards then applicable for new Restaurants. You will be obligated to pay a renewal fee in the relevant amount described in Section 15.03 below.

**15.02 Notices.** You must give us written notice of your desire to acquire a successor franchise at least one hundred eighty (180) days prior to the expiration of this Agreement. We will give you notice, not later than sixty (60) days after receipt of your notice, of our decision whether or not you have the right to acquire a successor franchise pursuant to Section 15.01. Notwithstanding any notice of our decision that you have the right to acquire a successor franchise for the Franchised Restaurant, your right will be subject to your continued compliance with all the provisions of this Agreement up to the date of its expiration.

**15.03 Agreements.** If you have the right to acquire a successor franchise in accordance with Section 15.01 and state your desire to exercise that right in accordance with Section 15.02, we and you (and your Owners) will execute the form of franchise agreement (which may contain provisions, including royalty fees, materially different from those contained herein) and all ancillary agreements (including, personal guarantees by your Owners and a remodeling agreement on such terms as we determine to be appropriate) which we then customarily use in granting successor franchises for the operation of Restaurants. The successor franchise agreement will be for a successor franchise term of either ten (10) years or twenty (20) years, as you and we may then agree. You must pay us a successor franchise fee due upon signing the successor franchise agreement, depending on the duration of that future agreement's term, in the amount of: (i) one half (1/2), or fifty percent (50%), of the amount of our then current initial franchise fee due for new Restaurants, if your successor franchise term is for twenty (20) years; or (ii) one-third (1/3), or thirty-three and one-third percent (33.33%), of the amount of our then current initial franchise fee due for new Restaurants, if your successor franchise term is for ten (10) years. In addition, you and

your Owners must execute general releases, in form and substance satisfactory to us or as we then explicitly prescribe, of any and all claims against us, and our Affiliates, owners, officers, directors, employees, agents, successors and assigns. Failure by you (and your Owners) to sign such agreements and releases within thirty (30) days after delivery to you shall be deemed an election by you not to acquire a successor franchise for the Franchised Restaurant. Upon expiration of such successor franchise agreement, you will have a further right on terms and conditions contained in the successor franchise agreement to acquire a future successor franchise as we then prescribe.

## **16. EFFECT OF TERMINATION OR EXPIRATION.**

### **16.01 Payment of Amounts Owed to Us.**

Within thirty (30) days after the effective date of termination or expiration (without renewal) of this Agreement, you must pay us and our Affiliates all royalties, NPF contributions, amounts owed for purchases from us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid.

### **16.02 Discontinue Use of Marks and Confidential Information.**

Upon the termination or expiration (without renewal) of this Agreement, you will:

(a) not directly or indirectly at any time or in any manner use any Mark, any colorable imitation or other indicia of a Restaurant;

(b) take such action as may be required to cancel all fictitious or assumed name registrations relating to your use of any Mark;

(c) notify the telephone company and all telephone directory publishers of the termination or expiration of your right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and to authorize transfer of the number to us or at our direction;

(d) if we do not exercise our right to purchase the Franchised Restaurant pursuant to Section 16.04, promptly remove from the Premises, and discontinue using for any purpose, all signs, fixtures, furniture, equipment, decor items, advertising materials, forms and other materials and supplies which display any of the Marks or any distinctive features, images, or designs associated with Restaurants and, at your expense, make such alterations as may be necessary (and as we may require) to distinguish the Premises so clearly from its former appearance as a Restaurant and from other Restaurants as to prevent any possibility of confusion by the public. If you fail to de-identify the Premises and the Franchised Restaurant to our specifications,

you must reimburse us for our losses and expenses if we and our personnel are required to do so on your behalf;

(e) immediately cease to use all Confidential Information and return to us all copies of Operations Manual and any other confidential materials which have been provided to you;

(f) immediately discontinue any mode of communications on the Internet directly or indirectly relating to your Franchised Restaurant, including any Web sites or pages associated with your Franchised Restaurant, and immediately take all steps required by us to transfer any domain name associated with your Franchised Restaurant to us (such as executing a Registrant Name Change Agreement with the applicable Registrar). You irrevocably appoint the person who is then our president as your duly authorized agent and attorney-in-fact to execute all instruments and take all steps to transfer such domain names;

(g) immediately cease to use all computer software licensed by us or any of Affiliates and comply with your obligations under any software license agreements;

(h) if we do not exercise our right to purchase the Franchised Restaurant pursuant to Section 16.04 and if we and/or our third-party supplier require, remove certain equipment from the Premises at your expense; and

(h) within thirty (30) days after the effective date of termination or expiration, furnish us evidence satisfactory to us of your compliance with the foregoing obligations.

**16.03 Post-Term Covenants.** For a period of two (2) years, starting on the effective date of termination or expiration (without renewal or extension of the franchise term) of this Agreement, you are prohibited from directly or indirectly (such as through an Immediate Family member) owning a legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business operating at the Premises or within a three (3)-mile radius of the Premises; (b) any Competitive Business operating within a radius of three (3) miles of any “Checkers” or “Rally’s”-branded restaurant in operation or under construction on the effective date of termination or expiration; or (c) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business.

You acknowledge that we have a protectable legal interest in the System, customers of Restaurants and the goodwill associated with the Marks and that the non-competition covenants contained in this Section and Section 7.02 are necessary elements to their protection and are an integral part of this Agreement. You also expressly acknowledge the possession of skills and abilities of a general nature and the opportunity for exploiting such skills in other ways, so that enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living. If you fail or refuse to abide by any of the foregoing covenants, and we

obtain enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or we seek to enforce it, and will continue in effect for a period of time ending two (2) years after the date of the order enforcing the covenant.

#### **16.04 Option to Purchase Franchised Restaurant.**

(a) Upon termination or expiration (without renewal) of this Agreement, we have the right, exercisable by giving notice thereof (“Appraisal Notice”) within ten (10) days after the date of such termination or expiration, to require that a determination be made of the “Agreed Value” (as defined below) of all the personal property used in the Franchised Restaurant which you own, including inventory of non-perishable products, materials, supplies, furniture, equipment, signs, but excluding any cash and short-term investments and any items not meeting our specifications for Restaurants (the “Purchased Assets”). At any time following our providing you an Appraisal Notice, we shall have the unrestricted right to assign this option to purchase separate and apart from the remainder of this Agreement, including, without limitation, to another third-party franchisee. Upon such notice, you may not sell or remove any of the personal property of the Franchised Restaurant from the Premises and must give us (or our assignee), our (or our assignee’s) designated agents and the “Appraiser” (as defined below) full access to the Franchised Restaurant and all of your books and records at any time during customary business hours in order to conduct inventories and determine the purchase price for the Purchased Assets.

(b) The Agreed Value shall be determined by consultation between you and us (or our assignee). If you and we (or our assignee) are unable to agree on the Agreed Value of the Purchased Assets within fifteen (15) days after the Appraisal Notice, then the Agreed Value will be as follows: (a) in the event of an expiration (without renewal) of this Agreement, the Agreed Value shall be the “Fair Market Value,” consisting of the amount which an arm’s length purchaser would be willing to pay for the Purchased Assets, assuming that the Purchased Assets would be used for the operation of a Restaurant under a valid franchise agreement reflecting the then-current (or if we are not offering franchises at that time, then the most recent) standard terms upon which we offer franchises for Restaurants, less the cost of any required remodeling; and (b) in the event of any termination of this Agreement, the Agreed Value shall be the lesser of the Appraised Asset Value (as defined below) and the Net Book Value (as defined below).

The “Appraised Asset Value” shall be the amount which an arm’s length purchaser would be willing to pay for the Purchased Assets, considering their age and condition and without reference to their use in a Restaurant. The “Net Book Value” shall be the net book value of the Purchased Assets, as reflected on your books and records, provided all capital assets will be depreciated on a straight line basis over a reasonable period of time not to exceed 5 years, without residual value. The Fair

Market Value, the Appraised Asset Value and/or Net Book Value will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of our financial statements) selected by us who has experience in the valuation of restaurant businesses (the "Appraiser"). We (or our assignee) will notify you of the identity of the Appraiser, who will make his determination and submit a written report ("Appraisal Report") to you and us (or our assignee) as soon as practicable, but in no event more than sixty (60) days after his appointment. You agree to promptly provide the Appraiser with such books and records as he or she may require, which you represent and warrant to be complete and accurate. In absence of such books and records or if the Appraiser is not satisfied with their completeness or accuracy, the Appraiser may make the determination of the Agreed Value on the basis of other sources and information he or she deems appropriate. The Appraiser's determination shall be final and binding on the parties hereto.

(c) We (or our assignee) have the option, exercisable by delivering notice thereof within thirty (30) days after submission of the Appraisal Report (or the date that an agreement is reached, if the parties agree to the Agreed Value), to agree to purchase the Purchased Assets at the Agreed Value.

(d) If we (or our assignee) exercise our option to purchase, fifty percent (50%) of the purchase price for the Purchased Assets will be paid in cash at the closing, which will occur at the place, time and date we designate, but not later than sixty (60) days after the exercise of our option to purchase the Purchased Assets. At the closing, we (or our assignee) will be entitled to all warranties, title insurance policies and other closing documents and post-closing indemnifications as we reasonably require, including: (a) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances, and liabilities, to us or our designee, with all sales and other transfer taxes paid by you; and (b) an assignment of all leases of personal property and real estate used in the operation of the Franchised Restaurant, including land, building and/or equipment (or if an assignment is prohibited, a sublease to us or our designee for the full remaining term and on the same terms and conditions as your lease, including renewal and/or purchase options), provided, however, that if any of your Owners or Affiliates directly or indirectly owns the land and/or building of the Franchised Restaurant, then you will, at our option, cause such Owner or Affiliate to grant to us (or our assignee) a lease at reasonable and customary rental rates and other terms prevailing in the community where the Franchised Restaurant is located. Any dispute concerning the rental rates and terms of such lease shall be resolved by the Appraiser. Twenty-five percent (25%) of the purchase price (plus accrued and unpaid interest on the unpaid balance, at the Prime Rate, as defined below, from and after the closing date) shall be payable on the first anniversary of the closing date, and the remaining twenty-five percent (25%) of the purchase price (plus accrued and unpaid interest on the unpaid balance, at the Prime Rate, from and after the closing date) shall be payable on the second anniversary of the

closing date. The “Prime Rate” shall be the published prime rate as of the date of closing of The Chase Manhattan Bank or any other national bank we select.

If you cannot deliver clear title to all of the assets, or if there are other unresolved issues, the closing of the sale may, at our (or our assignee’s) option, be accomplished through an escrow on such terms and conditions as we (or our assignee) deem appropriate, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to any of the Purchased Assets. Further, you and we (or our assignee) shall comply with any applicable Bulk Sales provisions of the Uniform Commercial Code as enacted in the state where the Premises is located and all applicable state and local sales and income tax notification and/or escrow procedures. We have the right to set off against and reduce the purchase price by any and all amounts owed by you or any of your Owners or Affiliates to us or any of our Affiliates.

(e) Upon delivery of the Appraisal Notice and pending (a) determination of Fair Market Value, (b) our (or our assignee’s) option period, and (c) the closing of the purchase, we may authorize continued temporary operations of the Franchised Restaurant pursuant to the terms of this Agreement, subject to the supervision and control of one or more of our appointed managers.

#### **16.05 Right to Lease Real Estate.**

(a) Upon termination of this Agreement (for any reason, no reason, or upon expiration without renewal), if you or any of your Owners or Affiliates directly or indirectly owns the building and/or land (the “Real Estate”) on which the Franchised Restaurant is located, we may, and at our option (in our sole discretion) and in conjunction with our purchase of the Franchised Restaurant pursuant to Section 16.04 hereof, require you to execute and deliver to us or our designee a lease for the Restaurant Location pursuant to the terms of Section 16.05(b).

(b) If we elect to require you to execute and deliver to us or our designee a lease for the Restaurant Location, we shall deliver written notice to you within ten (10) days after the effective date of termination or expiration of this Agreement of such election. Following such notice, you and we shall negotiate in good faith a lease for the Real Estate containing commercially reasonable terms with a term equal to a minimum of the remaining Term under this Agreement. If you and we have not agreed to a lease within thirty (30) days after your receipt of our election, we shall engage a Real Estate Appraiser to prepare a lease with commercially reasonable terms. The Real Estate Appraiser's determination will be binding, and you must execute and deliver to us a lease for the Restaurant Location containing the commercially reasonable terms provided by the Real Estate Appraiser. All fees, compensation and cost and expense reimbursements of the Real Estate Appraiser shall be borne equally by the parties. Upon your execution of the lease for the



Restaurant Location, you agree to vacate the Restaurant Location promptly and completely, rendering all necessary assistance to us to enable us to take prompt possession.

**16.06 Early Termination Damages.** If we terminate this Agreement as a result of your breach, you and we agree that the amount of damages which we would incur for any such early termination would be difficult, if not impossible, to accurately ascertain. Accordingly, within 30 days following such termination, you shall pay us an amount equal to the average monthly royalty fees and advertising contributions that you owed to us for the past 24 months multiplied by the number of months remaining in the Term ("**Early Termination Damages**"). If you have not operated the Franchised Restaurant for 24 months prior to the termination of this Agreement, the Early Termination Damages will be calculated by using the average monthly royalties and advertising contributions you owed for the number of months that the Franchised Restaurant operated multiplied by the number of months remaining in the Term. These Early Termination Damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of you and each of your Owners who personally guarantees your obligations under this Agreement.

The parties acknowledge and agree that: (a) the Early Termination Damages are a reasonable estimation of the damages that we would incur if this Agreement is prematurely terminated; and (b) your payment of such Early Termination Damages is intended to fully compensate us only for any and all damages related to or arising out of our premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of your breach of this Agreement.

The imposition of Early Termination Damages shall be at our sole option. We are not required to impose Early Termination Damages and may, in addition or in lieu thereof, pursue other remedies available to us under the terms and conditions of this Agreement, in equity or at law in the event of your breach under this Agreement, including, without limitation, actual damages we incur, if such can be ascertained. All such remedies shall be cumulative and non-exclusive

**16.07 Continuing Obligations.** All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

## **17. RELATIONSHIP OF THE PARTIES.**

### **17.01 Independent Contractors.**

Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence between the parties hereto. Franchisor and Franchisee, as between themselves, are and shall be independent contractors.

We and you acknowledge and agree that this Agreement (and the relationship of the parties which arises from this Agreement) grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including our judgment of what is in the best interests of our franchise network, at the time our decision is made, without regard to: (a) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by us; (b) whether our decision or the action we take promotes our financial or other individual interest; (c) whether our decision or the action we take applies differently to you and one (1) or more other franchisees; or (d) whether our decision or the exercise of our rights is adverse to your individual interests or the individual interests of any other particular franchisees. We will have no liability to you for any such decision or exercise of our rights.

Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, employees and others as the owner of the Franchised Restaurant and must place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we may require at any time and from time to time.

You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or represent that the relationship of the parties hereto is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third

party. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business hereunder.

None of your employees or other personnel will be considered to be employees or personnel of ours. Neither you nor any of your employees or personnel whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, provincial, or federal governmental agency. We will not have the power to hire or fire your employees or personnel. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or personnel for qualification to perform certain functions for your Franchised Restaurant does not directly or indirectly vest in us the power to hire, fire or control any such employee. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Franchised Restaurant and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Restaurant.

**17.02 Indemnification.** You agree to indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively “indemnitees”), and to hold the indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the indemnitees in connection with (i) your failure to perform or breach of any covenant, agreement, term or provision of this Agreement, (ii) your breach of any representation or warranty contained in this Agreement, (iii) the marketing, promotion, advertisement or sale of any of the products and services offered by your Franchised Restaurant pursuant to this Agreement, including unfair or fraudulent advertising claims (whether in print advertising or electronic media), and product liability claims, (iv) your development, ownership, operation and/or closing of your Franchised Restaurant, (v) employment matters in connection with your Franchised Restaurant, and (vi) any allegedly unauthorized service or act rendered or performed in connection with this Agreement, (collectively “event”) and regardless of whether it resulted from any strict or vicarious

liability imposed by law on the indemnitees. The foregoing indemnity shall apply even if it is determined that the indemnitees' negligence caused such loss, liability or expense, in whole or in part, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the indemnitees or the gross negligence or willful acts of indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you). The term "losses and expenses" includes compensatory, exemplary, and 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 our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. We agree to give you reasonable notice of any event of which we become aware for which indemnification may be required, and we may elect (but are not obligated) to direct the defense thereof, including the selection of appropriate counsel at our sole determination. We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of indemnitees or Restaurants generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreement agrees to undertake the defense of an event (an "Insured Event"), we agree not to exercise our right to select counsel to defend the event if such would cause your insurer to deny coverage. We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

**17.03 Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon the Franchised Restaurant, your property or upon us, in connection with sales made or business conducted by you (except for any income taxes imposed on our income). Payment of all such taxes shall be your responsibility. In the event of a bona fide dispute as to your liability for taxes, you may contest your liability in accordance with applicable law. In no event, however, will you permit a tax sale, seizure, or attachment to occur against the Franchised Restaurant or any of its assets.

## **18. MISCELLANEOUS.**

**18.01 Severability and Substitution of Provisions.** Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business

activity prohibited and/or length of time, but could be rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

If any applicable law requires a greater prior notice of the termination of or refusal to enter into a successor franchise than is required hereunder, a different standard of “good cause”, or the taking of some other action not required hereunder, the prior notice, “good cause” standard and/or other action required by such law shall be substituted for the comparable provisions hereof. If any provision of this Agreement or any specification, standard or operating procedure prescribed by us is invalid or unenforceable under applicable law, we have the right, in our sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to make it valid and enforceable.

**18.02 Waiver of Obligations.** We and you may by written instrument unilaterally waive or reduce any obligation of the other under this Agreement. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days’ prior notice. You and we shall not be deemed to have waived any right reserved by this Agreement by virtue of any custom or practice of the parties at variance with it; any failure, refusal or neglect by you or us to exercise any right under this Agreement (except as provided in Section 18.03) or to insist upon exact compliance by the other with its obligations hereunder; any waiver, forbearance, delay, failure or omission by us to exercise any right, whether of the same, similar or different nature, with respect to other Restaurants; or the acceptance by us of any payments due from you after any breach of this Agreement.

**18.03 Exercise of Rights.** The rights of Franchisor and Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Franchisee of any other right or remedy hereunder which Franchisor or Franchisee is entitled to enforce by law. If Franchisee commits any act of default under this Agreement for which Franchisor exercises its right to terminate this Agreement, Franchisee shall pay to Franchisor all actual, consequential, special and incidental damages Franchisor incurs as a result of the premature termination of this Agreement regardless of whether or not such damages are reasonably foreseeable. Franchisee acknowledges and agrees that the proximate cause of such damages sustained by Franchisor is Franchisee’s act of default and not Franchisor’s exercise of its right to terminate. Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement shall constitute a waiver of such right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice

specifying such breach or violation is provided to the other party within twelve (12) months after the later of: (a) the date of such breach or violation; or (b) the date of discovery of the facts (or the date the facts could have been discovered, using reasonable diligence) giving rise to such breach or violation.

**18.04 Injunctive Relief.** We, as an alternative or supplement to arbitration pursuant to Section 18.05, may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm. We may seek and obtain such injunctive relief, without bond, but upon notice as required under applicable rules, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, shall be its dissolution, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). You and each of your Owners acknowledge that any violation of Section 7, 13.02(l), 16.02 or 16.03 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you and each of your Owners consent and agree to the issuance of an injunction prohibiting any conduct in violation of any of those sections and agrees that the existence of any claim you or any of your Owners may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections.

**18.05 Arbitration.** Subject to Section 18.04, all controversies, disputes, or claims between us or any of our Affiliates, or any of their respective officers, directors, agents, employees and attorneys and you, any of your Affiliates or any of their respective Owners, arising from or relating, directly or indirectly, to (i) this Agreement or any other agreement between you and us or your or our respective Affiliates, (ii) the scope and validity of any provision of this Agreement or any other agreement between you and us or any provision of such agreements (including the validity of the arbitration obligations under this Section 18.05, which the parties acknowledge is to be determined by an arbitrator and not a court); (iii) our relationship with you, including, without limitation, your application to become a franchisee and/or to acquire the right to operate an additional Restaurant, our decision to award a franchise, approve a site or any other matter related to your franchise application or site selection process for your Franchised Restaurant or for an additional Restaurant; or (iv) any of our specifications and standards, shall on demand of either party be submitted for arbitration to the offices of the American Arbitration Association (“AAA”) located closest to our corporate headquarters at the time of such demand. The arbitration shall be governed exclusively by the United States Federal Arbitration Act (9 U.S.C. § 1, et seq.), without reference to any state arbitration statutes. The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedures) within the same

proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be waived and such party will forever be barred from asserting such a claim. Settlement discussions occurring between the parties in relation to any dispute falling within the scope of this Section 18.05 shall be protected by Federal Rule of Evidence 408 and all other applicable rules limiting and/or precluding disclosure. The parties further agree that unless otherwise agreed in writing, neither side shall be permitted to disclose any settlement discussions to the arbitrators for any reason and that the arbitrators may not consider any settlement discussions or offers that might have been made by either you or us prior to commencing the arbitration proceeding. The arbitration proceedings shall be conducted in the city closest to our principal place of business and shall be conducted in accordance with the then-current commercial arbitration rules of the AAA, except as modified by this Agreement. The parties shall be entitled to limited discovery at the discretion of the arbitrators but in no event shall the arbitrators order the taking of depositions without the parties' prior agreement. The parties acknowledge that the arbitrators' subpoena power is not subject to geographic limitations. The arbitration shall be conducted by three arbitrators. Each party shall select an arbitrator within fifteen (15) days of commencement of the arbitration who shall serve as party arbitrators. The two designated party arbitrators shall select a neutral arbitrator within twenty (20) days of their selection. If the two party arbitrators cannot agree on a third arbitrator within twenty (20) days of their appointment, the AAA shall select a third arbitrator in accordance with the terms of this Agreement. The parties further agree that the arbitration proceedings shall be commenced and conducted on an individual basis only and not on a multi-plaintiff, consolidated or class-wide basis, that the arbitrators have no authority to conduct any such multi-plaintiff, consolidated, or class-wide proceedings under this Section 18.05, and that each side expressly waives any ability or right to initiate or assert any such multi-plaintiff, consolidated, or class-wide claims in connection with any arbitration proceeding. The foregoing sentence is an integral provision of the arbitration procedures set forth in this paragraph, and may not be severed therefrom, notwithstanding Section 18.01 of this Agreement. If such sentence is determined to be invalid or unenforceable under applicable law in connection with a particular controversy, dispute, or claim, then the entire first paragraph of Section 18.05 shall be stricken from this Agreement and neither party shall be deemed to have consented to arbitration of such controversy, dispute, or claim. The arbitrators shall have the right to award individual relief which he or she deems proper under the evidence presented and applicable law and consistent with the parties' rights to, and limitations on, damages and other relief as expressly set forth in this Agreement, including without limitation, Sections 18.03, 18.06 and 18.10. The award and decision of the arbitrators shall be conclusive and binding on all parties, and judgment upon the award may be entered in any court of competent jurisdiction. Any right to contest the validity or enforceability of the award shall be governed exclusively by the United States Federal Arbitration Act. We reserve the right, but

have no obligation, to advance your share of the costs, fees and expenses of any arbitration proceeding, including any arbitrator fees, in order for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those amounts from the arbitrators, who shall provide for such relief in the final award, in addition to the costs, fees, and expenses that are recoverable under Section 18.06 below. The provisions of this Section 18.05 shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

**18.06 Costs of Enforcement.** If we file a claim in a judicial or arbitration proceeding for amounts you or any of your Owners owe us or any of our Affiliates, or if we enforce this Agreement in a judicial or arbitration proceeding, and we prevail in any such proceeding, you agree to reimburse us for all of our costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys' fees. If we are required to engage legal counsel in connection with your failure to comply with this Agreement, you must reimburse us for any attorneys' fees, costs and expenses we incur.

**18.07 Jurisdiction and Venue.** SUBJECT TO SECTION 18.05 ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS IRREVOCABLY AGREE THAT: (A) ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION LOCATED CLOSEST TO OUR THEN CURRENT CORPORATE HEADQUARTERS (CURRENTLY TAMPA, FLORIDA); AND (B) ANY SUCH MATTER SHALL BE TRIED BY AND TO THE COURT SITTING WITHOUT A JURY, AND YOU WAIVE ANY RIGHT TO A JURY TRIAL. YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT YOU MAY LAWFULLY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH SUIT, ACTION OR PROCEEDING, AND AGREE THAT SERVICE OF PROCESS FOR PURPOSES OF ANY SUCH SUIT, ACTION OR PROCEEDING NEED NOT BE PERSONALLY SERVED OR SERVED WITHIN THE STATE OF FLORIDA, BUT MAY BE SERVED WITH THE SAME EFFECT AS IF YOU WERE SERVED WITHIN THE STATE OF FLORIDA, BY CERTIFIED MAIL OR ANY OTHER MEANS PERMITTED BY LAW ADDRESSED TO YOU AT THE ADDRESS SET FORTH HEREIN. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT FRANCHISOR MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE FRANCHISED BUSINESS IS LOCATED.

**18.08 Governing Law.** This Agreement and any dispute, claim, or matter arising out of or relating in any way to the relationship between the parties (whether based in contract, tort, statute or otherwise and regardless of the relief sought) shall



be construed under the laws of the State of Florida, provided the foregoing shall not constitute a waiver of any of your rights under any applicable franchise law of another state that does not conflict with Florida law. In the event of any conflict of law, Florida law will prevail, without regard to its conflict of law principles. However, if any provision of this Agreement would not be enforceable under Florida law, and if the Franchised Restaurant is located outside of Florida and such provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then such provision shall be construed under the laws of that state. Nothing in this Section is intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Florida to which it otherwise would not be subject.

**18.09 Successors and Assigns.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. This Agreement is fully transferable by us, whether by operation of law or otherwise, and shall inure to the benefit of any transferee or other legal successor to our interests herein.

**18.10 Limitations on Damages.** EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 17.02, AND EXCEPT WITH RESPECT TO OBLIGATIONS REGARDING USE OF THE MARKS IN SECTION 5 AND THE CONFIDENTIAL INFORMATION IN SECTION 7.01, FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) EACH WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND EACH OF YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO RECOVER CONSEQUENTIAL, SPECIAL AND INCIDENTAL DAMAGES FOR ANY CLAIM DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT.

You agree that, for our System to function properly, we should not be burdened with the costs of litigating system-wide disputes. Accordingly, any disagreement between you (and your Owners) and us shall be considered unique as to its facts and shall not be brought as a class action, and you (and each of your Owners) waive any right to proceed against us or any of our shareholders, members, Affiliates, officers, directors, employees, agents, successors and assigns by way of class action, or by way of a multi-plaintiff, consolidated or collective action. In any legal action between the parties, the court shall not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving us and any other franchisee, and each party waives the right to claim that a prior disposition of the same or similar issues precludes such independent determination.

**18.11 Construction.** The language of this Agreement shall be construed according to its fair meaning and not strictly for or against any party. The introduction, personal guarantees, exhibits and riders (if any) to this Agreement are a part of this Agreement, which constitutes the entire agreement of the parties. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements relating to the subject matter of this Agreement, that either party may or does rely on or that will have any force or effect, except that nothing in this Agreement shall disclaim or require you to waive reliance on any representation we made in our most recent Franchise Disclosure Document (including that document's exhibits and amendments) delivered to you or your representative. Nothing in this Agreement shall be deemed to confer any rights or remedies on any person or legal entity not a party hereto. This Agreement shall not be modified except by written agreement signed by both parties.

The headings of sections are for convenience only and do not limit or construe their contents. The word "including" shall be construed to include the words "without limitation." The term "Franchisee" or "you" is applicable to one or more persons, a corporation, limited liability company or a partnership and its owners, as the case may be. If two (2) or more persons are at any time Franchisee hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to us shall be joint and several. References to a controlling interest in an entity shall mean more than fifty percent (50%) of the equity and voting control of such entity.

This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

**18.12 Approvals and Consents.** In all cases where our prior consent or acceptance is required and no other method or timing for obtaining such consent or acceptance is prescribed, you must request such consent or acceptance in writing, and we will notify you of our decision within sixty (60) days after receiving your written request and all supporting documentation. Whenever our consent or acceptance is required hereunder, such consent or acceptance must be in writing. If we do not respond in writing to your request within such sixty (60)-day period, the request shall be deemed denied. Our consent to, or acceptance of, any request by you shall be effective only to the extent specifically stated and shall not be deemed to waive or render unnecessary our consent or acceptance of any subsequent similar request. Except where this Agreement expressly obligates us to reasonably accept or consent to (or not to unreasonably withhold our acceptance or consent regarding) any action or request by you, we have the absolute right for any reason or no reason to withhold our acceptance of or consent to any action by you.

**18.13 Notices and Payments.** All notices, requests and reports permitted or required to be delivered by this Agreement shall be deemed delivered: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the

recipient party); (b) on the same day of the transmission by facsimile or other reasonably reliable electronic communication system; (c) 1 business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing. All payments and reports required by this Agreement shall be sent to us at the address identified in this Agreement unless and until a different address has been designated by written notice. No restrictive endorsement on any check or in any letter or other communication accompanying any payment shall bind us, and our acceptance of any such payment shall not constitute an accord and satisfaction.

**18.14 Franchisee's Release.** To the full extent permitted by applicable law, Franchisee, for itself and on behalf of its Affiliates, and their respective shareholders, directors, officers, limited liability company members, managers and employees, and their respective successors and assigns, and on behalf of the Franchisee's Owners, hereby (i) releases and forever discharges Franchisor and its Affiliates, and their respective directors, officers, employees, agents, representatives and attorneys, and their respective successors and assigns, from any and all claims, demands and causes of action, whether known or unknown, of any kind or nature, absolute or contingent, if any at law or in equity, arising prior to or on the date you sign this Agreement, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against Franchisor or its affiliates and their directors, officers, employees, agents, representatives and attorneys, and their respective successors and assigns, directly or indirectly, relating to any claim or demand released under this Section 18.14. Franchisee shall take whatever actions are necessary or appropriate to carry out the terms of this release and covenant not to sue upon Franchisor's request. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation we made in our Franchise Disclosure Document (including any of that document's exhibits and amendments) delivered to you, your Owners, Affiliates or representatives. This Section 18.14 shall survive the expiration or termination of this Agreement.

**18.15 Electronic Signatures.** The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature

block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**18.16 Receipt of Disclosure Document and Agreement.** You acknowledge having received our Franchise Disclosure Document and this Agreement, with all blanks completed, within the time periods required by applicable law.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the day and year first above written.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\*Effective Date: \_\_\_\_\_

**FRANCHISEE**

If a corporation, limited liability company or partnership:

\_\_\_\_\_  
(Name of corporation, limited liability company or partnership)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT A**  
**TO THE FRANCHISE AGREEMENT**

1. Operating Partner. The name and home address of the Operating Partner are as follows: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_.

2. Form of Entity of Franchisee.

(a) Corporation or Limited Liability Company. Franchisee was incorporated on \_\_\_\_\_, \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its corporate name. The following is a list of all of Franchisee's directors and officers as of \_\_\_\_\_, \_\_\_\_\_.

Name of Each Director/Officer

Position(s) Held

\_\_\_\_\_  
\_\_\_\_\_  
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(b) Partnership. Franchisee is a [general] [limited] partnership formed on \_\_\_\_\_, \_\_\_\_\_ under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its partnership name. The following is a list of all of Franchisee's general partners as of \_\_\_\_\_, \_\_\_\_\_.

Name of General Partner

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3. Owners. Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Franchisee. Franchisee, and each Owner as to his ownership interest, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest in Franchisee, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

Owner's Name and Address

Description of Interest

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**CHECKERS DRIVE-IN RESTAURANTS,  
INC.,** a Delaware corporation

\_\_\_\_\_  
(Name of corporation, limited  
liability company or  
partnership)

By:\_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title:\_\_\_\_\_

By:\_\_\_\_\_  
Print Name:\_\_\_\_\_  
Title:\_\_\_\_\_

Owners:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT B**  
**TO THE FRANCHISE AGREEMENT**

1. The **Premises** of the Franchised Restaurant will be located at:

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2. The **Designated Area** for the Franchised Restaurant is:

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**CHECKERS DRIVE-IN RESTAURANTS,  
INC.**, a Delaware corporation

\_\_\_\_\_  
(Name of corporation, limited  
liability company or partnership)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT C**

### **TO THE FRANCHISE AGREEMENT**

#### **FRANCHISE ADDENDUM TO LEASE AGREEMENT**

**THIS FRANCHISE ADDENDUM TO LEASE AGREEMENT** (this "Addendum") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_, a(n)\_\_\_\_\_ ("Landlord") and \_\_\_\_\_, a(n)\_\_\_\_\_ ("Tenant") for the benefit of **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation ("Franchisor").

**WHEREAS**, Tenant and Franchisor have executed a Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor has granted Tenant the right to establish and operate a [Checkers] Franchised Restaurant at the following location:\_\_\_\_\_ (the "Premises");

**WHEREAS**, Tenant and Landlord are entering into a lease agreement (the "Lease"), pursuant to which Tenant will lease the Premises from Landlord; and

**WHEREAS**, Franchisor has required Tenant to include certain terms in the Lease in order to protect Franchisor's rights, and Landlord has agreed to such terms.

**NOW, THEREFORE**, for good and valuable consideration, the receipt of which the parties hereby acknowledge, Landlord and Tenant agree as follows:

1. Landlord agrees to: (a) furnish to Franchisor a copy of any default notice served on Tenant and/or another lessee under the Lease simultaneously with the service of the notice to Tenant and/or such other lessee; (b) provide Franchisor with notice of any proposed renewals, extensions, modifications and amendments to the Lease; (c) give Franchisor the opportunity, but Franchisor shall not be required, to cure any default by Tenant or other lessee under the Lease within 15 days following the expiration of any applicable cure period if Tenant and/or such other lessee fail to cure such default; and (d) to furnish to Franchisor, at Franchisor's request, a copy of any sales or operating information for the Premises provided by Tenant. All notices to Franchisor shall be sent to the following address: Checkers Drive-In Franchised Restaurants, Inc., 4300 West Cypress Street, Suite 600, Tampa, Florida 33607, Attn: Legal Department, unless Landlord is notified otherwise in writing by Franchisor. No notice to Tenant shall be effective unless and until a copy thereof is served upon Franchisor.

2. Landlord agrees that if Franchisor exercises its right to cure a default by Tenant and/or another lessee under the Lease, then Franchisor may, at its option, succeed to Tenant's and/or such other lessee's interests under the Lease and shall be

recognized by Landlord as the lessee or sublessee thereunder for the remaining term of the Lease.

3. Landlord agrees that the expiration of the Franchise Agreement (unless Tenant enters into a renewal Franchise Agreement with Franchisor) or a termination of the Franchise Agreement prior to expiration shall constitute a default under the Lease, giving Franchisor the right, but not the obligation, to cure such default by succeeding to Tenant's and/or any other lessee's interests as the new lessee or sublessee under the Lease.

4. Landlord agrees that upon the termination or expiration of the Lease, Franchisor shall have the first right of refusal to lease the Premises as the new lessee or sublessee.

5. Landlord agrees that Franchisor shall have the right to enter the Premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect its franchise system, trademarks, trade names, trade dress and other intellectual property without being guilty of trespass or any other tort or crime.

6. Landlord agrees that upon the expiration or termination of the Franchise Agreement, Franchisor shall have the right to enter the Premises and remove any trade fixtures, interior or exterior signs or other items bearing its trademarks. Landlord agrees upon the expiration or termination of the Franchise Agreement to relinquish to Franchisor any and all liens or other ownership interests, whether by operation of law or otherwise, in and to any tangible property bearing Franchisor's trademarks, service marks or trade dress.

7. Landlord agrees that, if Franchisor succeeds to Tenant's and/or any other lessee's interests under the Lease for any reason, Franchisor shall have the right to further assign the lease or to sublease the Premises to either an entity owned or controlled by Franchisor, or to another [Checkers] franchisee upon obtaining Landlord's written consent, which consent may not be unreasonably withheld, conditioned or delayed by Landlord. No assignment permitted under this Section is subject to any assignment or similar fee or will cause any rental acceleration.

8. Upon Franchisor's delivery to Landlord and Tenant of its election to exercise its rights under this Addendum, Franchisor shall be entitled to all of Tenant's rights and interests in the Lease, as if Franchisor were the tenant under the Lease, including, by way of example and not limitation, the right to exercise any and all renewal options thereunder, without the need for any further action or instrument.

9. Landlord and Tenant expressly agree that Franchisor is an intended third party beneficiary of the terms of this Addendum. Landlord and Tenant further

agree that Franchisor has no liability or obligation under the Lease unless and until Franchisor exercises its right to assume the Lease under this Addendum.

10. In the event of any inconsistency between the terms of this Addendum and the terms of the Lease, the terms of this Addendum control. All of the terms of this Addendum, whether so expressed or not, are binding upon, inure to the benefit of, and are enforceable by the parties and their respective personal and legal representatives, heirs, successors and permitted assigns. The provisions of this Addendum may be amended, supplemented, waived or changed only by a written document signed by all the parties to this Addendum that makes specific reference to this Addendum and which must be approved in writing by Franchisor. This Addendum may be executed in one or more counterparts, each of which is an original, but all of which together constitute one and the same instrument.

**LANDLORD:**

\_\_\_\_\_,  
,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TENANT:**

\_\_\_\_\_  
a \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **EXHIBIT D**

### **TO THE FRANCHISE AGREEMENT**

#### **NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

**THIS NONDISCLOSURE AND NON-COMPETITION AGREEMENT** (this "Agreement") is made as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_, is by and between \_\_\_\_\_ ("Individual," "me," or "I") and **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation ("Franchisor").

\_\_\_\_\_ ("Franchisee") is a franchisee of Franchisor pursuant to a franchise agreement entered into by those parties concerning a franchised restaurant operating, or to be operated, under the Marks at \_\_\_\_\_ (the "Franchise Agreement"). The franchised restaurant authorized by Franchisor under the Franchise Agreement is known as the "Franchised Restaurant," which Franchised Restaurant is one among all restaurants that Franchisor owns, operates, or franchises under the Marks. I agree that, unless otherwise specified, all capitalized terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity, Franchisor's proprietary and confidential information relating to the development and operation of Restaurants, including but not limited to: (1) ingredients, recipes, and methods of preparation and presentation of food products Franchisor authorizes; (2) site selection criteria for Restaurants and plans and specifications for the development of Restaurants; (3) sales, marketing and advertising programs and techniques for Restaurants; (4) identity of suppliers, and knowledge of specifications and pricing for food products, materials, supplies and equipment, Franchisor authorizes; (5) knowledge of operating results and financial performance of Restaurants, other than those Restaurants Franchisee owns; (6) methods of inventory control, storage, product handling, training and management relating to Restaurants; (7) computer systems and software programs; and (8) any and all other information Franchisor provides to me, Franchisee, Franchisee's Owners or Affiliates that is designated orally or in writing as proprietary or confidential, or by its nature would reasonably be understood to be proprietary or confidential, regardless of whether such information is specifically designated as proprietary or confidential (collectively, all information referenced above, including examples (1) through (8), is known as the "Confidential Information"). Furthermore, any and all information, knowledge, know-how, techniques and information which

the entities mentioned above or their officers designate as confidential is considered (and hereby acknowledged by me as) Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication violates a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, all the above items, concepts, and/or examples contained in the preceding paragraph constitute Confidential Information of Franchisor, and I will not divert any business to competitors of Franchisee and/or Franchisor. I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person, nor enter, input, upload, submit, or otherwise disclose them to any publicly accessible or third-party artificial intelligence system, large language model, machine learning platform, chatbot, or similar service, including, without limitation, ChatGPT, Microsoft Copilot, Google Gemini, Claude, Perplexity, and any similar or successor technologies, whether accessed via website, application, plugin, or other means.

I further agree that, during the term of my employment/service/association or ownership participation, I will not, directly or indirectly, engage or participate in any Competitive Business (defined below in this paragraph), any of which such prohibited behavior I understand and hereby explicitly acknowledge would or could be injurious to, or (in Franchisor's sole judgment) have an adverse effect upon, Franchisor's protectable interests in the Confidential Information, the "Checkers" trademark, or the goodwill and/or reputation of Restaurants generally. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant. For purposes of this Agreement, a "Competitive Business" means any business that: (i) operates as a restaurant or similar food-service provider and derives more than twenty percent (20%) of its revenue from selling hamburgers, cheeseburgers and hot dogs in a fast-food, quick-service, drive-thru or drive-in format; or (ii) grants franchises or licenses to others to operate the type of business specified in the preceding subparagraph (i) (other than a "Checkers" or "Rally's"-branded restaurant operated under a franchise agreement with Franchisor). Despite the foregoing definition of a Competitive Business, nothing under this Agreement or the Franchise Agreement will prevent Individual from owning for investment purposes less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange, and so long as neither Individual nor Franchisee controls the company in question.

Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree:

- (i) to return immediately to Franchisor or Franchisee, as the case may be, all Confidential Information, and any material(s) containing a subset thereof, in my possession that was utilized, or to which I had access, during my employment, association, service or ownership participation;
- (ii) to refrain, beginning upon such expiration or termination and forever thereafter, from any and all contacts with customers of Restaurants for any purpose whatsoever; and
- (iii) for a period of two (2) years, starting on the effective date of termination or expiration of my employment/service/association or ownership participation, to refrain from directly or indirectly (such as through any one or more of my spouse, legally-recognized domestic partner, parents, children or sibling(s) (collectively, "Immediate Family")) owning a legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business operating at the Premises or within a three (3)-mile radius of the Premises; (b) any Competitive Business operating within a radius of three (3) miles of any Restaurant in operation or under construction on the effective date of termination or expiration of my employment/service/association/ ownership participation; or (c) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business.

I acknowledge and understand that the provisions of this Agreement, including my representations, covenants, and warranties (as applicable) given hereunder, are necessary and integral to this Agreement and to Franchisor's and Franchisee's interests under the Franchise Agreement, and are intended to:

- (i) preclude not only direct competition, but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor;
- (ii) bind any person or entity having any legal or beneficial interest in me, or traceable to, down or through me, including (without limitation) any of member of my Immediate Family, any direct or indirect beneficiary, any partner (general or limited) or proprietor of mine, and any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me; and
- (iii) identify for me, toward the goal of preserving through this Agreement, Franchisor's protectable legal interests in the System, customers of Restaurants, the Confidential Information, and the goodwill associated with the Marks.



I also expressly acknowledge my possession of skills and abilities of a general nature, and the opportunity for exploiting such skills in other ways than the operation or involvement in the activities of a Restaurant or a Competitive Business, so that enforcement of my covenants made in this Agreement will not deprive me of my personal goodwill or ability to earn a living after the effective date of expiration or termination of my relationship with Franchisee, the Franchised Restaurant, or Restaurants generally. If I fail or refuse to abide by any of my foregoing obligations or promises made under this Agreement, and Franchisor or Franchisee obtains enforcement in a judicial or arbitration proceeding, then my obligations and responsibilities specified under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or Franchisor or Franchisee seeks to enforce it, and will continue for two (2) years starting from the effective date of the order enforcing the covenant.

**I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor and Franchisee, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Franchisor or Franchisee (or both), in any appropriate jurisdiction and venue (notwithstanding other references to resolution of actions exclusively in Franchisor's home prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential Information under this Agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Franchisor's Confidential Information. Further, I expressly agree that any claims I may have against Franchisor will not constitute a defense to Franchisor's enforcement of the covenants not to compete under this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Franchisor in connection with the enforcement of those covenants not to compete set forth in this Agreement.**

If all, or any portion of, this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Franchisor is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or

governed by (as applicable) the law of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of Florida, and if the Franchised Restaurant is located outside of Florida and the provision would be enforceable under the laws of the state in which the Franchised Restaurant is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Florida or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement, any breach of this Agreement, and any and all relations and/or disputes between myself on the one hand, and Franchisee or Franchisor on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in the U.S. District Court sitting nearest to Franchisor's corporate headquarters (currently, Tampa, Florida). I agree that any dispute as to the aforementioned venue will be submitted to and resolved exclusively by such aforementioned court. Nonetheless, I agree that Franchisee or Franchisor may enforce this Agreement and any awards in the courts of the state or states in which I am domiciled or the Franchised Restaurant is located.

**I, FRANCHISEE AND FRANCHISOR IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ME, FRANCHISEE OR FRANCHISOR.** I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

[Signatures on Following Page]

**IN WITNESS WHEREOF**, Franchisor has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first written above.

**INDIVIDUAL:**

**CHECKERS DRIVE-IN  
RESTAURANTS, INC.**, a Delaware  
corporation:

Signature:\_\_\_\_\_

By:\_\_\_\_\_

Name Printed:\_\_\_\_\_

Its:\_\_\_\_\_

## **OWNERS' PERSONAL GUARANTY OF FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the Franchise Agreement dated as of \_\_\_\_\_, \_\_\_\_\_ (the "Agreement") by and between CHECKERS DRIVE-IN RESTAURANTS, INC. ("Franchisor"), and \_\_\_\_\_ ("Franchisee"), each of the undersigned owners of an interest in Franchisee hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and that each and every representation of Franchisee made in connection with the Agreement are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement, including without limitation, Sections 5, 7, 8, 13, 16 and 18 (for the avoidance of doubt, including Section 18.05) thereof.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guaranty shall be joint and several; (ii) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the agreement.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS THEREOF**, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the Agreement was executed.

**PERCENTAGE OF OWNERSHIP  
INTERESTS IN FRANCHISEE**

**GUARANTOR(S)**

---

---

(Signature)

---

(Print Name)

---

---

(Signature)

---

(Print Name)

---

---

(Signature)

---

(Print Name)

---

---

(Signature)

---

(Print Name)

---

---

(Signature)

---

(Print Name)

**EXHIBIT B-1**

**EXISTING FRANCHISEE INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT**

**EXISTING FRANCHISEE INCENTIVE ADDENDUM  
TO FRANCHISE AGREEMENT**

**THIS ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) is entered into as of \_\_\_\_\_, 202\_\_, by and between **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and \_\_\_\_\_ (“**you**” or “**your**” or “**Franchisee**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

**RECITALS**

WHEREAS, Franchisor has implemented an incentive program available to qualified existing franchisees of “Checkers” or “Rally’s” restaurants under which the Initial Franchise Fee due under Franchisor’s current form of franchise agreement is reduced by \$10,000 if the franchisee opens its Restaurant within one (1) year of signing the Franchise Agreement (the “**Existing Franchisee Incentive**” or “**Incentive**”);

WHEREAS, Franchisee is an existing franchisee under separate franchise agreements with Franchisor for the operation of at least two (2) “Checkers” or “Rally’s” restaurants;

WHEREAS, Franchisor and Franchisee are Parties to that certain Franchise Agreement dated of even date herewith (the “**Franchise Agreement**”) pursuant to which Franchisee will operate another “Checkers” or “Rally’s” restaurant located at \_\_\_\_\_ (the “**Franchised Restaurant**”);

WHEREAS, Franchisee desires to qualify for and receive, the benefits of the Incentive; and

WHEREAS, the Parties now desire to modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (a) you are a current franchisee in good standing

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April 2026

with us, including being in full compliance with all currently effective agreements with us or our affiliates; and (b) you will remain a franchisee in good standing, and comply with all currently effective agreements with us or our affiliates including the Franchise Agreement; and (c) you agree to open the Franchised Restaurant within one (1) year of signing the Franchise Agreement.

3. **Reduced Fee(s).** In consideration of your qualification for the Incentive identified in the Recitals above, Section 6.01 is revised to reflect that the Initial Franchise Fee due is reduced by ten thousand dollars (\$10,000) (the “**Initial Fee Reduction**”) from the standard amount of the current initial franchise fee otherwise due for a new Restaurant.
4. **Additional Condition(s).**
  - a. If, before you open the Franchised Restaurant, you request and we approve a transfer in accordance with Section 13 of the Franchise Agreement, then as a pre-closing condition of the transfer (in addition to any transfer fee payable) you must pay us the amount of the Initial Fee Reduction prior to the transfer.
  - b. If, at any time during the Term, you breach, fail to satisfy, or are later found to have violated or failed to satisfy, any of the criteria listed in Section 2 above, including without limitation your obligation to open the Franchised Restaurant within one (1) year of signing the Franchise Agreement, then in addition to any other remedies available under the Franchise Agreement or at applicable law, you must pay us (no later than thirty (30) days after our written notice to you) the amount of the Initial Fee Reduction.
5. **Entire Agreement.** Franchisor and Franchisee each acknowledge that this Addendum: contains the entire understanding and agreement of the Parties with respect to this Addendum’s subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended or modified, except by a writing properly executed by the Parties.
6. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile signatures shall be sufficient to bind the Parties.
7. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an “I Accept” or similar button), sound, symbol (digitized signature block), or process



attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the day and year first above written.

**FRANCHISOR**

CHECKERS DRIVE-IN RESTAURANTS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership, limited  
liability company or other legal entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT B-2**  
**2026 GROWTH INCENTIVE ADDENDUM**  
**TO FRANCHISE AGREEMENT**

## 2026 GROWTH INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “Addendum”) is entered into as of \_\_\_\_\_, 202\_\_, by and between **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation (“Franchisor,” “we,” “our,” or “us”), and \_\_\_\_\_ (“you” or “your” or “Franchisee”). We and you may each be referred to as a “Party,” or collectively, the “Parties.”

### RECITALS

WHEREAS, Franchisor has implemented an incentive program available to certain qualified franchisees that acquire and open new “Checkers” or “Rally's” restaurants or convert an existing restaurant to a “Checkers” or “Rally's” restaurant under which Franchisor offers qualified franchisees a temporary reduction on royalty fees and a reduction of initial franchise fees if the franchisee signs a Franchise Agreement on or before December 31, 2026 (the “**2026 Growth Incentive**” or “**Incentive**”);

WHEREAS, Franchisor and Franchisee are Parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”) pursuant to which Franchisee will operate a “Checkers” or “Rally's” restaurant located at \_\_\_\_\_ (the “**Franchised Restaurant**”);

WHEREAS, Franchisee desires to qualify for, and to receive the benefits of, the Incentive in connection with its operation of the Franchised Restaurant under the Franchise Agreement; and

WHEREAS, the Parties now desire to modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent to our satisfaction, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (a) you are a current franchisee in good standing with us, including being in full compliance with all currently effective agreements with us or our affiliates; and (b) you will develop the Franchised Restaurant in accordance with our current prescribed plans, specifications and design model for Restaurants (including,

Checkers/Rally's  
April 2026

without limitation, any modifications or adjustments we authorize and timely introduce for similarly-situated Restaurants, or otherwise incorporate into the System for all franchisees, before you open the Franchised Restaurant).

3. **Conditional Development Incentive and Reduced Fee(s).**

- a. Reduction of Initial Franchise Fee: If you (i) open the Franchised Restaurant to the general public within 18 months of signing the Franchise Agreement; and (ii) the Franchised Restaurant complies with the current imaging requirements, then we will reduce the initial franchise fee payable for the third and subsequent Restaurants opened by eighty-five percent (85%).
- b. Royalty Fee Abatement: If you: (i) sign a Franchise Agreement on or before December 31, 2026; (ii) open the Franchised Restaurant to the general public within 18 months of signing the Franchise Agreement; and (iii) the Franchised Restaurant complies with the current imaging requirements; then we will discount the royalty fee payable under the Franchise Agreement according to the schedule below until the earlier of: (a) the total value of the royalty fee abatement (calculated based on the standard royalty fee due under the Franchise Agreement) equals \$150,000 or (b) the Franchised Restaurant has operated for 48 months. Under this Incentive, the royalty payable will be as follows: (1) for the first 12 months of operation, the royalty will be waived; (ii) for months 13 through 24 of operation, the royalty fee will be 1% of Net Sales; (iii) for months 25 through 36 of operation, the royalty fee will be 2% of Net Sales; and (iv) for months 37 through 48 of operation, the royalty fee will be 3% of Net Sales.

4. **Additional Condition(s).** If you breach, fail to satisfy, or are later found to have violated or failed to satisfy, any of the criteria listed in Section 2 above in this Addendum, at any point during the Term, then in addition to any other remedies available under the Franchise Agreement (including termination) or at applicable law, you must pay us (no later than thirty (30) days after our written notice to you) the amount or value of any fee reduction, discount, or other benefit afforded to you pursuant to Section 3 above.

5. **Entire Agreement.** Franchisor and Franchisee each acknowledges that this Addendum: contains the entire understanding and agreement of the Parties with respect to this Addendum's subject matter; supersedes all other written or oral exchanges, arrangements or negotiations between them or their representatives in this regard; and may not be altered, amended or modified, except by a writing properly executed by the Parties.

6. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

7. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on

Checkers/Rally's  
April 2026

the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the day and year first above written.

**FRANCHISOR**

CHECKERS DRIVE-IN RESTAURANTS, INC.,  
a Delaware corporation

**FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited  
liability company or other legal entity:

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
(Name of corporation, partnership, limited  
liability company or other legal entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT B-3**  
**NON-TRADITIONAL SITE**  
**ADDENDUM TO FRANCHISE AGREEMENT**

## NON-TRADITIONAL SITE ADDENDUM TO FRANCHISE AGREEMENT

**THIS ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) is entered into as of \_\_\_\_\_, 202\_\_, by and between **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and \_\_\_\_\_ (“**you**” or “**your**” or “**Franchisee**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

### **RECITALS**

WHEREAS, Franchisor and Franchisee are Parties to that certain Franchise Agreement dated of even date herewith (including all related exhibits and attachments, the “**Franchise Agreement**”) pursuant to which Franchisee will operate a franchised “**Checkers**” or “**Rally's**” restaurant located at a Non-Traditional Site with an address of \_\_\_\_\_ (the “**Franchised Restaurant**”); and

WHEREAS, the Parties now desire to modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “**Sections**,” “**Subsections**,” and/or “**Exhibits**” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (a) you are authorized, or will obtain due authorization, to establish and operate a Restaurant within or from the premises of a Non-Traditional Site; and (b) you will remain a franchisee in good standing, and comply with the Franchise Agreement.
3. **Reduced Fee(s).** The following fees are modified in the Franchise Agreement to reflect Franchisee’s operation of the Restaurant from a Non-Traditional Site:
  - a. **Initial Franchise Fee:** Section 6.01 is revised to the extent necessary to reflect that the Initial Franchise Fee due is reduced by fifteen thousand dollars (\$15,000) (the “**Initial Fee Reduction**”) from the standard amount of the current initial franchise fee otherwise due for a new Restaurant.



- b. **Royalty:** Section 6.02 is revised to the extent necessary to reflect that the royalty fee payable shall be equal to two percent (2%) of Net Sales; and
- c. **Cooperative:** The third paragraph of Section 10.02 is deleted and replaced with the following language: “We have the right to establish local and/or regional advertising cooperatives for Restaurants in your local or regional area, covering such geographic areas as we may designate at any time and from time to time. You must participate in such advertising cooperative and its programs (other than price advertising, as to which you may choose not to participate) and abide by its by-laws. You must contribute such amounts to the advertising cooperative(s) as they determine from time to time in accordance with the cooperative’s bylaws, provided that: (i) if no cooperative exists in the geographic area of the Franchised Restaurant upon the Effective Date, then your obligation to contribute to any future cooperative that covers the Franchised Restaurant will require you to contribute only fifty percent (50%) of the then current amount that other members in the cooperative (whose Restaurants are not operating, or to be operated, in a Non-Traditional Site) are obligated to contribute; (ii) if a cooperative exists in the market area of the Premises upon the Effective Date, we will exert our best efforts to ensure that such cooperative revises its bylaws to allow, and/or specifically approves, you to pay a reduced contribution level as specified in subpart (i); and (iii) any such reduction in your cooperative contribution level under the preceding subpart (i) will neither apply to your required participation in any special regional promotion (in which promotion you must fully participate as contemplated below in this Section 10.02), nor reduce your minimum total five percent (5%) combined advertising expenditure obligation described above in this Section 10.02. Any Restaurants owned by us or any of our Affiliates located in such designated local or regional area(s) will contribute to the cooperative(s) on the same basis as the general membership of the cooperative. Contributions to such local and regional advertising cooperatives are credited toward the five percent (5%) advertising expenditures required by this Section; however, if we provide you and your local and/or regional advertising cooperative ninety (90) days’ notice of a special regional promotion, you must participate in such promotion and pay to us any regional advertising fees assessed in connection therewith, beginning on the effective date of such notice and continuing until such regional promotion is concluded. Any such special regional advertising fees shall be in addition to, and not credited towards, the five percent (5%) advertising expenditure required by this Section.

4. **Additional Condition(s).**

- a. If, before you open the Franchised Restaurant, you request and we approve a transfer in accordance with Section 13, then as a pre-closing condition of the transfer (in addition to any transfer fee payable) you must pay us the amount of the Initial Fee Reduction prior to the transfer.
- b. If you breach, fail to satisfy, or are later found to have violated or failed to satisfy, any of the criteria listed in Section 2 above in this Addendum, at any point during the Term, then in addition to any other remedies available under the Franchise Agreement or at applicable law, you must pay us (no later than thirty (30) days after our written notice to you) the amount of the Initial Fee Reduction plus the value of any royalty fee reduction, discount, and any other benefit afforded to you hereunder (as measured, if necessary, against the standard fee amount or level specified for new franchisees of Restaurants on the Effective Date of the Franchise Agreement).

5. **No Exclusivity or Protected Territory.** Franchisee acknowledges and agrees that it will not receive any territorial protection or exclusivity under this Addendum or the Franchise Agreement when operating the Restaurant at a Non-Traditional Site and that Franchisor and its Affiliates retain all rights and discretion with respect to the Marks, the System, the sale of products and services similar or dissimilar to those offered by “Checkers” and “Rally’s”-branded restaurants, and the operation or franchising of “Checkers” and “Rally’s”-branded restaurants anywhere located or to be located, and may engage in any business activities whatsoever, whenever and wherever they desire during the Term.

6. **Entire Agreement.** Franchisor and Franchisee each acknowledges that this Addendum: contains the entire understanding and agreement of the Parties with respect to this Addendum’s subject matter; supersedes all other written or oral exchanges, arrangements or negotiations between them or their representatives in this regard; and may not be altered, amended or modified, except by a writing properly executed by the Parties.

7. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

8. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an “I Accept” or similar button), sound, symbol (digitized signature block), or process

attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the day and year first above written.

**FRANCHISOR**

CHECKERS DRIVE-IN RESTAURANTS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership,  
limited liability company or other legal  
entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT B-4**

**VET FRAN INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT**

## VET FRAN INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT

**THIS ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) is entered into as of \_\_\_\_\_, 202\_\_, by and between **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and \_\_\_\_\_ (“**you**” or “**your**” or “**Franchisee**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

### **RECITALS**

WHEREAS, Franchisor has implemented an incentive program available to qualified veterans of the United States military forces under which Franchisor offers qualified franchisees a waiver of the Initial Franchise Fee due under Franchisor’s current form of franchise agreement (the “**Vet Fran Incentive**” or “**Incentive**”);

WHEREAS, Franchisor and Franchisee are Parties to that certain Franchise Agreement dated \_\_\_\_\_ the “**Franchise Agreement**”) pursuant to which Franchisee will operate a franchised “Checkers” or “Rally's” restaurant located at \_\_\_\_\_ (the “**Franchised Restaurant**”);

WHEREAS, Franchisee desires to receive the benefits of the Incentive in connection with its operation of the Franchised Restaurant under the Franchise Agreement; and

WHEREAS, the Parties now desire to modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (a) you are, or at least a 51% owner in you is, a veteran of the United States military (you or your owner, as applicable is referred to herein as the “**Veteran**”) and (b) the Veteran has been honorably discharged from the United States military, as evidenced by relevant supporting documentation.

3. **Reduced Fee(s).** Section 6.01 shall be revised to reflect that the Initial Franchise Fee is reduced to zero dollars (\$0), which represents one hundred 100% of the standard amount of the initial franchise fee otherwise due for a new Restaurant.
4. **Additional Condition(s).**
  - a. If, before you open the Franchised Restaurant, you request and we approve a transfer in accordance with Section 13, then as a pre-closing condition of the transfer (in addition to any transfer fee payable) you must pay us the full standard amount of the initial franchise fee (as measured on the Effective Date of your Franchise Agreement) that was reduced or waived pursuant to this Addendum.
  - b. If you breach, fail to satisfy, or are later found to have violated or failed to satisfy, any of the criteria listed in Section 2 above in this Addendum, at any point during the Term, then in addition to any other remedies available under the Franchise Agreement (including termination) or at applicable law, you must pay us (no later than thirty (30) days after our written notice to you) the amount or value of any fee reduction, discount, or other benefit afforded to you hereunder.
5. **Entire Agreement.** Franchisor and Franchisee each acknowledges that this Addendum: contains the entire understanding and agreement of the Parties with respect to this Addendum's subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended or modified, except by a writing properly executed by the Parties.
6. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile signatures shall be sufficient to bind the Parties.
7. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the day and year first above written.

**FRANCHISOR**

CHECKERS DRIVE-IN RESTAURANTS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership,  
limited liability company or other legal  
entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT B-5**

**WOMEN BUSINESS OWNER INCENTIVE ADDENDUM TO FRANCHISE  
AGREEMENT**



**WOMEN BUSINESS OWNER INCENTIVE ADDENDUM  
TO FRANCHISE AGREEMENT**

**THIS ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) is entered into as of \_\_\_\_\_, 202\_\_\_\_, by and between **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and \_\_\_\_\_ (“**you**” or “**your**” or “**Franchisee**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

**RECITALS**

WHEREAS, Franchisor has implemented an incentive program under which Franchisor offers qualified women business owners a waiver of the Initial Franchise Fee due under Franchisor’s current form of franchise agreement (the “**Incentive**”);

WHEREAS, Franchisor and Franchisee are Parties to that certain Franchise Agreement dated \_\_\_\_\_ the “**Franchise Agreement**”) pursuant to which Franchisee will operate a franchised “Checkers” or “Rally's” restaurant located at \_\_\_\_\_ (the “**Franchised Restaurant**”);

WHEREAS, Franchisee desires to receive the benefits of the Incentive in connection with its operation of the Franchised Restaurant under the Franchise Agreement; and

WHEREAS, the Parties now desire to modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that you are, or at least a 51% owner in you is, a woman that qualifies for the Incentive.
3. **Reduced Fee(s).** Section 6.01 shall be revised to reflect that the Initial Franchise Fee is reduced to zero dollars (\$0), which represents one hundred 100% of the standard amount of the initial franchise fee otherwise due for a new Restaurant.

4. **Additional Condition(s).**

- a. If, before you open the Franchised Restaurant, you request and we approve a transfer in accordance with Section 13, then as a pre-closing condition of the transfer (in addition to any transfer fee payable) you must pay us the full standard amount of the initial franchise fee (as measured on the Effective Date of your Franchise Agreement) that was reduced or waived pursuant to this Addendum.
- b. If you breach, fail to satisfy, or are later found to have violated or failed to satisfy, any of the criteria listed in Section 2 above in this Addendum, at any point during the Term, then in addition to any other remedies available under the Franchise Agreement (including termination) or at applicable law, you must pay us (no later than thirty (30) days after our written notice to you) the amount or value of any fee reduction, discount, or other benefit afforded to you hereunder.

5. **Entire Agreement.** Franchisor and Franchisee each acknowledges that this Addendum: contains the entire understanding and agreement of the Parties with respect to this Addendum's subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended or modified, except by a writing properly executed by the Parties.

6. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile signatures shall be sufficient to bind the Parties.

7. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the day and year first above written.

**FRANCHISOR**

CHECKERS DRIVE-IN RESTAURANTS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership,  
limited liability company or other legal  
entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT B-6**

**REIMAGE INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT**

## 2026 REIMAGE INCENTIVE ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this “Addendum”) is entered into as of \_\_\_\_\_, 202\_\_, by and between CHECKERS DRIVE-IN RESTAURANTS, INC., a Delaware corporation (“Franchisor,” “we,” “our,” or “us”), and \_\_\_\_\_ (“you” or “your” or “Franchisee”). We and you may each be referred to as a “Party,” or collectively, the “Parties.”

### RECITALS

WHEREAS, Franchisor has implemented an incentive program available to certain qualified franchisees that reimage an existing “Checkers” or “Rally's” restaurant under which Franchisor offers qualified franchisees a temporary reduction on royalty fees if the franchisee signs an addendum to an existing Franchise Agreement or a new Franchise Agreement and addendum thereto on or before June 30, 2026 and completes the reimage by December 31, 2026 (the “Reimage Incentive” or “Incentive”);

WHEREAS, Franchisor and Franchisee are Parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “Franchise Agreement”) pursuant to which Franchisee [will operate/operates] a “Checkers” or “Rally's” restaurant located at \_\_\_\_\_ (the “Franchised Restaurant”);

WHEREAS, Franchisee desires to qualify for, and to receive the benefits of, the Incentive in connection with its operation of the Franchised Restaurant under the Franchise Agreement; and

WHEREAS, the Parties now desire to modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement, unless specified otherwise below. The Recitals above are incorporated into this Addendum by reference.
2. **Qualifications.** You represent to our satisfaction, and in connection with signing this Addendum have provided us (or agree to provide promptly upon our request) relevant supporting documentation, that: (a) you are a current franchisee in good standing with us, including being in full compliance with all currently effective agreements with us or our affiliates; and (b) you will reimage the Franchised Restaurant in accordance with our current prescribed plans, specifications and design model for Restaurants (including,

without limitation, any modifications or adjustments we authorize and timely introduce for similarly-situated Restaurants, or otherwise incorporate into the System for all franchisees, before you open the Franchised Restaurant).

3. **Conditional Incentive and Royalty Fee Reduction.** If you meet the following criteria: (i) you are signing this Addendum on or before June 30, 2026; (ii) you complete a full scope reimage (as approved in advance by Franchisor) that complies with Franchisor's current reimaging requirements on or before December 31, 2026; and (iii) you, your owners, and your and their affiliates are in full compliance with the Franchise Agreement and any other agreement between Franchisor and Franchisee or them, then Section 6.02 of the Franchise Agreement is revised, as may be necessary, to reflect that from the date the Franchised Restaurant reopens following the reimage continuing until the end of the twelfth (12<sup>th</sup>) month of operation following reopening, royalty fees shall accrue and be payable at a rate of two percent (2%) as set forth in Section 6.02. Beginning in the thirteenth (13<sup>th</sup>) month following the reopening and for the remainder of the term of the Franchise Agreement thereafter, royalty fees shall accrue and be payable at a rate of four percent (4%) as set forth in Section 6.02
4. **Additional Condition(s).** If you breach, fail to satisfy, or are later found to have violated or failed to satisfy, any of the criteria listed in Section 2 above in this Addendum, at any point during the Term, then in addition to any other remedies available under the Franchise Agreement (including termination) or at applicable law, you must pay us (no later than thirty (30) days after our written notice to you) the amount or value of any fee reduction, discount, or other benefit afforded to you pursuant to Section 3 above.
5. **Entire Agreement.** Franchisor and Franchisee each acknowledges that this Addendum: contains the entire understanding and agreement of the Parties with respect to this Addendum's subject matter; supersedes all other written or oral exchanges, arrangements or negotiations between them or their representatives in this regard; and may not be altered, amended or modified, except by a writing properly executed by the Parties.
6. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.
7. **Electronic Signatures.** The counterparts of this Addendum may be executed and signed by electronic signature by any of the Parties and delivered by electronic or digital communications to any other Party to this Agreement, and the receiving Party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Addendum, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the day and year first above written.

**FRANCHISOR**

CHECKERS DRIVE-IN RESTAURANTS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership, limited  
liability company or other legal entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT B-7**

**PURCHASE OF COMPANY-OWNED RESTAURANT ADDENDUM**



## **PURCHASE OF COMPANY-OWNED RESTAURANT ADDENDUM**

**THIS ADDENDUM TO FRANCHISE AGREEMENT** (this “**Addendum**”) is entered into as of \_\_\_\_\_, 202\_\_\_\_, by and between **CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation (“**Franchisor**,” “**we**,” “**our**,” or “**us**”), and \_\_\_\_\_ (“**you**” or “**your**” or “**Franchisee**”). We and you may each be referred to as a “**Party**,” or collectively, the “**Parties**.”

### **RECITALS**

WHEREAS, Franchisor and Franchisee are Parties to that certain Checkers Restaurant Franchise Agreement dated of even date herewith concerning existing [Checkers/Rally's Restaurant] # \_\_\_\_\_ (the “**Franchise Agreement**”) pursuant to which Franchisee will hereafter operate such restaurant having physical premises located at \_\_\_\_\_ (the “**Restaurant**”);

WHEREAS, Franchisor and Franchisee (or Franchisee’s affiliate, as applicable) have separately entered into that certain Asset Purchase and Sale Agreement of even date herewith (the “**Purchase Agreement**”) covering, among other things, Franchisor’s sale of assets, intangible property, and business relating to the Transferred Restaurants (as defined in the Purchase Agreement and listed in Exhibit A thereto) to Franchisee or its affiliate (as applicable, the “**Purchaser**” thereunder);

WHEREAS, the Restaurant is one of the Transferred Restaurants such that the Purchase Price (as defined in the Purchase Agreement) received by Franchisor under the Purchase Agreement incorporates the amount of the initial franchise fee required by Franchisor under the Franchise Agreement;

WHEREAS, the Parties have separately entered into a sublease arrangement for the Restaurant’s premises as also contemplated by the Purchase Agreement, such that certain lease-related conditions of the Franchise Agreement require appropriate revision; and

WHEREAS, the Parties now desire to modify the Franchise Agreement according to the terms and conditions set forth in this Addendum.

NOW, THEREFORE, in consideration of these facts and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. **Relationship to Franchise Agreement; Recitals.** This Addendum shall be annexed to and form a part of the Franchise Agreement. All capitalized terms not otherwise defined in this Addendum shall have the meanings set forth in the Franchise Agreement. Except as modified by this Addendum, the Franchise Agreement remains in full force and effect. Any conflict between the provisions hereof and the Franchise Agreement shall be construed in favor of this Addendum. All references in this Addendum to “Sections,” “Subsections,” and/or “Exhibits” shall mean the applicable Section(s), Subsection(s), and/or Exhibit(s) of the Franchise Agreement,

unless specified otherwise below. The Recitals above are acknowledged by the Parties as factually accurate and hereby incorporated into this Addendum by reference.

2. **Grant of Franchise.** Section 2.01 of the Franchise Agreement is amended to read as follows:

Subject to the terms of this Agreement, we grant to you the right, and you assume the obligation, to continue to operate a Restaurant at the Premises and to use the System solely in connection therewith, for a term ending on \_\_\_\_\_ (the "Term"). You may not conduct the business of the Franchised Restaurant or use the System at any site other than the Premises, or relocate the Franchised Restaurant, without our prior consent.

3. **Conditions on Future Purchase or Lease of Premises.** Section 3.03 of the Franchise Agreement is deleted and replaced with the following:

3.03 Purchase or Lease of Premises. In the event you no longer lease the Premises from us at any time during the Term, then you acknowledge and agree that we have the right to approve the terms of any future lease, sublease or purchase contract for the Premises, as may be applicable. You must deliver to us, for our approval before your execution, a copy of any proposed lease, sublease or purchase agreement that you may contemplate entering into with any future third party relating to the Premises. Any future lease or sublease for the Premises must be in form and substance satisfactory to us, and you must sign, and have the landlord sign, a franchise addendum to lease agreement in such form and substance as we or our designee may then prescribe (at our option) that contains certain required terms and provisions as part of the lease or sublease. You must execute any future lease, sublease or purchase agreement with a third party, as approved by us, within thirty (30) days after the date of our approval, and deliver a fully signed copy thereof to us within five (5) days after its execution. You may not execute a lease, sublease or purchase contract or any modification thereof with a third party without our approval. Our approval of any lease, sublease or purchase contract you enter into with a third party does not constitute a warranty or representation of any kind, express or implied, as to its fairness or suitability or as to your ability to comply with its terms. We do not, by virtue of approving any future lease, sublease or purchase contract with a third party, assume any liability or responsibility to you or to any third parties. If you or one of your Affiliates at any time owns the Premises, you must immediately notify us and we may require that you or such Affiliate enter into a lease with us at commercially reasonable rates for a term equal to the Term, and we will sublease the Premises to you on the same terms as the prime lease.

4. **Asset Transfer Fee.** Franchisor and Franchisee each acknowledge that the Ten Thousand Dollar (\$10,000.00) Asset Transfer Fee required in connection with Franchisee's purchase of the Restaurant from Franchisor is payable upon execution of this Addendum.

5. **Entire Agreement.** Franchisor and Franchisee each acknowledge that this Addendum: contains the entire understanding and agreement of the Parties with respect to this Addendum's subject matter; supersedes all other written or oral agreements between them or their representatives in this regard; and may not be altered, amended or modified, except by a writing properly executed by the Parties.

6. **Counterparts.** This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Facsimile signatures shall be sufficient to bind the Parties.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Addendum on the day and year first above written.

**FRANCHISOR**

CHECKERS DRIVE-IN RESTAURANTS, INC.,  
a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited  
liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership,  
limited liability company or other legal  
entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT C**  
**DEVELOPMENT AGREEMENT**

**CHECKERS DRIVE-IN RESTAURANTS, INC.**

**DEVELOPMENT AGREEMENT**

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AREA FRANCHISEE

---

AREA

**CHECKERS DRIVE-IN RESTAURANTS, INC.**

**RESTAURANT  
DEVELOPMENT AGREEMENT**

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EXHIBIT A – Development Obligations

EXHIBIT B – Area Franchisee Ownership Information

## OWNERS' PERSONAL GUARANTY OF AREA FRANCHISEE'S OBLIGATIONS



# CHECKERS DRIVE-IN RESTAURANTS, INC.

## DEVELOPMENT AGREEMENT

This Development Agreement ("Agreement") is made and entered into by and between CHECKERS DRIVE-IN RESTAURANTS, INC. ("Franchisor", "we" or "us"), a Delaware corporation, with its principal place of business located at 4300 West Cypress Street, Suite 600, Tampa, Florida 33607 and \_\_\_\_\_ ("Area Franchisee" or "you"), a(n) \_\_\_\_\_ whose principal address is \_\_\_\_\_, as of the date signed by us and set forth opposite our signature on this Agreement (the "Effective Date").

### 1. INTRODUCTION.

**1.01 Restaurants.** We own, operate and franchise "Checkers" and "Rally's"-branded restaurants, which feature a limited menu of hamburgers, cheeseburgers, and/or such other menu items as we may authorize at any time and from time to time. We have developed and own a comprehensive System (defined below in Section 1.04).

**1.02 Your Acknowledgments.** You have read this Agreement and our Franchise Disclosure Document. You understand the terms of this Agreement and accept them as being reasonably necessary to maintain the uniformity of our high quality standards at all Restaurants in order to protect and preserve the goodwill of the Marks and the integrity of the System. You have conducted an independent investigation of the business contemplated by this Agreement and recognize that the restaurant industry is highly competitive, with constantly changing market conditions. You recognize that the nature of Restaurants may change over time, that an investment in Restaurants involves business risks and that the success of the venture is largely dependent on your own business abilities, efforts and financial resources. You have not received or relied on: (a) any guaranty or assurance, express or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement; or (b) any promises that any parent company or Affiliate will back us up financially or otherwise guarantee our performance.

**1.03 Your Representations.** You and your Owners, if applicable, represent and warrant to us that: (a) neither you nor any of your Owners have made any untrue statement of any material fact or have omitted to state any material fact in obtaining the rights granted hereunder; (b) neither you nor any of your Owners have any direct or indirect legal or beneficial interest in any business that may be deemed a Competitive Business, except as otherwise fully and accurately disclosed in your franchise application submitted to us; and (c) the execution and performance of this Agreement will not violate any other agreement to which you or any of your Owners may be bound. You recognize that we have approved your franchise application in reliance on all of the statements you and your Owners have made in connection therewith.

**1.04 Certain Definitions.** The terms listed below have the meanings which follow them and include the plural as well as the singular. Other terms are defined elsewhere in this Agreement in the context in which they arise.

Checkers/Rally's  
April 2026

“Affiliate” – Any person or entity that directly or indirectly owns or controls the referenced party, that is directly or indirectly owned or controlled by the referenced party, or that is under common control with the referenced party. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

“Restaurants” – **INSERT BRAND: Checkers/Rally's** restaurants we or any of our Affiliates own, operate or franchise that use the Marks and System.

“Competitive Business” – Any business that: (i) operates as a restaurant or similar food-service provider and derives more than twenty percent (20%) of its revenue from selling hamburgers, cheeseburgers and hot dogs in a fast-food, quick-service, drive-thru or drive-in format; or (ii) grants franchises or licenses to others to operate the type of business specified in subparagraph (i) (other than a "Checkers" or “Rally’s”-branded restaurant operated under a franchise agreement with us).

“Confidential Information” - Our proprietary and confidential information relating to the development and operation of Restaurants, including: (1) ingredients, recipes, and methods of preparation and presentation of food products we authorize; (2) site selection criteria for Restaurants and plans and specifications for the development of Restaurants; (3) sales, marketing and advertising programs and techniques for Restaurants; (4) identity of suppliers, and knowledge of specifications and pricing for authorized food products, materials, supplies and equipment, we authorize; (5) knowledge of operating results and financial performance of Restaurants, other than Restaurants you own; (6) methods of inventory control, storage, product handling, training and management relating to Restaurants; (7) computer systems and software programs; and (8) any and all other information we provide you, your Owners or Affiliates that is designated orally or in writing as proprietary or confidential or by its nature would reasonably be understood to be proprietary or confidential, regardless of whether such information is specifically designated as proprietary or confidential.

“Franchise Disclosure Document” – The most recent version of franchise disclosure document for Restaurants that we or our designee delivered to you, your Owners, and/or your authorized representative.

“Immediate Family” – Spouse, legally-recognized domestic partners, parents, siblings, and children, whether natural or adopted, including any particular member thereof as may be referenced individually.

“Marks” – All trademarks, service marks, trade dress, and other commercial symbols that we currently authorize, or may in the future authorize, to identify, promote, and operate Restaurants and/or any services or products offered by Restaurants, including our distinctive building design and color scheme.

“Owner” – Each person or entity that has a direct or indirect legal or beneficial ownership interest in you, if you are a business corporation, partnership, limited liability company or other legal entity.

“System” – The business methods, designs and arrangements for developing and operating Restaurants, which include the Marks, building designs and layouts, equipment, ingredients, recipes, methods of preparation and specifications for authorized food products, methods of inventory control and certain operating and business standards and policies, all of which we may improve, further develop or otherwise modify at any time and from time to time.

“Transfer the Development Rights” – or similar words – The direct or indirect sale, assignment, transfer, exchange, conversion, license, sublicense, lease, sublease, mortgage, pledge, collateral assignment, grant of a security, collateral or conditional interest or other encumbrance in or on, or other disposition, whether voluntary, involuntary, by operation of law or otherwise, of this Agreement, any interest in or right under this Agreement, any form of legal or beneficial ownership interest in you or any of your Owners, or any form of ownership interest or right to participate in or receive the benefit of the assets, revenues, income or profits of your business operated hereunder, or any one or more other acts or events not covered by the foregoing that we reasonably determine to be a form of direct or indirect transfer, including: (1) any transfer, redemption or issuance of a legal or beneficial ownership interest in the capital stock of, a membership interest in, or a partnership interest in, you or of any interest convertible into or exchangeable for capital stock of, or a membership interest or partnership interest in, you or your Owners; (2) any merger or consolidation between you and another entity, whether or not you are the surviving entity, or any conversion of you from one form of legal entity into another form of legal entity, or any sale, exchange, encumbrance or other disposition of your assets; (3) any transfer in connection with or as a result of a divorce, dissolution of marriage or similar proceeding or a property settlement or legal separation agreement in the context of a divorce, dissolution or marriage or similar proceeding, an insolvency, bankruptcy or assignment for benefit of creditors, a judgment, a corporate, limited liability company or partnership dissolution or otherwise by operation of law; or (4) any transfer by gift, declaration of trust, transfer in trust, revocation of trust, trustee succession, trust termination, discretionary or mandatory trust distribution, occurrence of any event (e.g., death of a person) that affects or ripens the rights of contingent beneficiaries, exercise of a power of appointment, exercise of a withdrawal right, adjudication of you or any Owner as legally disabled, or upon or after your death or the death of any of your Owners by will, disclaimer or the laws of intestate succession or otherwise.

## **2. DEVELOPMENT RIGHTS.**

**2.01 Term and Development Fee.** Unless sooner terminated in accordance with Section 8, the term of this Agreement (the “Term”) starts on the Effective Date and expires on the expiration date set forth in Exhibit A. You have no right to renew or extend your rights under this Agreement. At the time you sign this Agreement, you must pay us a development fee in the amount set forth in Exhibit A. The development fee is non-refundable and shall be deemed earned when paid.

**2.02 Development Rights.** During the Term and provided you and your Affiliates are in compliance with this Agreement and all other agreements with us or any of our Affiliates (including Franchise Agreements signed pursuant to this Agreement), we will: (a) grant to you,

in accordance with Section 3, at least that cumulative number of franchises for Restaurants set forth in Exhibit A, all of which are to be located within the geographical area described in Exhibit A (the "Development Area"); and (b) not operate (directly or through an Affiliate), nor grant the right to operate, any "Checkers" or "Rally's"-branded restaurants located within the Development Area, except for: (1) franchises granted pursuant to this Agreement; (2) "Checkers" and "Rally's"-branded restaurants open (or under commitment to open) as of the Effective Date; (3) "Checkers"-branded restaurants, "Rally's"-branded restaurants or other restaurants using any part or all of the System and/or Marks at any sites, locations or venues in the Development Area that independently generate customer traffic flow separate from the general customer traffic flow of the surrounding area, or by their nature are not tied to a particular physical location, including, without limitation: military bases, transportation-related venues (e.g., airports, train or bus stations, marinas, travel plazas or toll roads), sports or entertainment venues (e.g., stadiums, arenas, concert halls), major industrial or office complexes, hotels, educational facilities (e.g., school, college, and university campuses), casinos, hospitals and related rehabilitation or healthcare facilities, governmental institutions, amusement or recreational facilities (e.g., theme parks, outdoor municipal parks, zoos, or museums), grocery stores or departments stores, mobile-based channels of distribution (e.g., roving food trucks), any co-branding locations or business endeavors where a restaurant's operations are inextricably associated with, or such operations are contained within or sharing the same physical building or operational premises as, another business (such as, for example and without limitation, a gas/convenience store or another restaurant concept), and mobile units located temporarily at special events, such as sports or entertainment events; and (4) restaurants that we purchase (or as to which we purchase the rights as franchisor) that are part of another franchise system or chain, regardless whether such restaurants are converted to operations as "Checkers" or "Rally's"-branded restaurants using any of the Marks and/or the System or whether such restaurants operate under other trademarks, service marks or trade dress and/or use other operating systems.

**2.03 Development Obligations.** You agree to exert your best efforts to fully develop the market potential for Restaurants in the Development Area. Without limiting the foregoing, you agree to open and operate in the Development Area, in accordance with and pursuant to Franchise Agreements, those cumulative numbers of Restaurants set forth in Section 3(a) of Exhibit A by the corresponding dates set forth therein and to achieve those cumulative numbers in accordance with the timelines set forth in Section 3(b) of Exhibit A (those dates and timelines collectively referred to herein as the "Development Schedule"). Time is of the essence in this Agreement, and we have no obligation under any circumstances to extend any of the dates or timelines in the Development Schedule.

**2.04 Reservation of Rights.** Except as expressly provided in this Agreement, we and all of our Affiliates (and our respective successors and assigns, by purchase, merger, consolidation or otherwise) retain all of our rights and discretion with respect to the Marks, the System and Restaurants anywhere in the world, and the right to engage in any business whatsoever, including the right to: (a) operate, and grant to others the right to operate, "Checkers" and "Rally's"-branded restaurants at such locations and on such terms and conditions as we deem appropriate; (b) sell any products or services under the Marks or under any other trademarks, service marks or trade dress, through alternative channels of distribution, including without limitation, the internet or similar electronic media and supermarkets; (c) operate, and grant to others the right to operate, restaurants identified by trademarks, service marks or trade dress, other than the Marks, (including the **INSERT**

**BRAND:** “Checkers”/“Rally’s” name and mark) pursuant to such terms and conditions as we deem appropriate; and (d) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at “Checkers” or “Rally’s”-branded restaurants, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses in the Development Area.

### **3. GRANT OF FRANCHISES.**

**3.01 Site Selection Assistance.** We will furnish you with our standard site selection criteria for Restaurants, as we may establish at any time and from time to time. We also will provide such on-site evaluation of sites proposed pursuant hereto as we deem necessary or appropriate.

**3.02 Applications for Franchises.** We will grant franchises to you for the operation of that cumulative number of Restaurants set forth in Exhibit A and located within the Development Area, subject to the following conditions:

(a) You must submit to us, in accordance with procedures we establish from time to time, a complete application for a franchise and site application form for each site for a Restaurant that you propose to develop and operate and that you in good faith believe to conform to our then current standard site selection criteria for Restaurants. Such site application shall include a description of each proposed site, including a summary of traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses, along with a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site;

(b) We will accept or reject each site for which you submit to us complete applications in accordance with Section 3.02(a) and, if we accept such site, we will do so by delivering our standard franchise site package. Our site acceptance letter, duly executed by us, is the exclusive means by which we accept a proposed site, and no other direct or indirect representation, approval or acceptance, whether in writing or verbally, by any of our officers, employees or agents, shall be effective or bind us. We will use all reasonable efforts to make a site acceptance decision and, if the site is accepted, deliver a site acceptance letter to you, within 30 days after we acknowledge receipt of the complete site report and any other materials we have requested. In deciding whether to accept or reject a site you propose, we may consider such factors as we, in our sole discretion, deem appropriate, including the general location and neighborhood, demographic information, traffic patterns, access, visibility, location of other restaurants and food establishments (including other Restaurants) and size, condition, configuration, appearance and other physical characteristics of the site. You acknowledge and agree that, if we suggest, approve, or give you information-regarding a site, our action is not a representation or warranty of any kind, express or implied, of the site’s suitability for a Restaurant or any other purpose. We do not represent that we, or any of our Affiliates, owners, employees or agents, have special expertise in selecting sites. Our action indicates only that we believe that the site meets our then acceptable criteria and not that a Restaurant will be profitable or successful at the site. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from our criteria could change, altering the potential of a site and premises. The uncertainty and instability of these criteria

are beyond our control, and we are not responsible if a site and premises we suggest or approve for the location of a Restaurant fails to meet your expectations. Accordingly, you acknowledge and agree that your decision to develop and operate a Restaurant at any site is based solely on your own independent investigation of the suitability of the site for a Restaurant

(c) We also may require that you and your Owners furnish us financial statements (historical and pro forma), statements of the sources and uses of capital funds, budgets and other information regarding yourself, your Owners and the development and operation of any Restaurant you propose, as well as any then-existing Restaurants you and your Affiliates own. All such information shall be verified by you and your Owners as being complete and accurate in all respects, shall be submitted to us in accordance with our requirements and will be relied on by us in determining whether to grant a franchise for the proposed Restaurant. We may refuse to grant you a franchise for a Restaurant if you fail to demonstrate sufficient financial and management capabilities to properly develop and operate the proposed Restaurant and the then existing Restaurants you and your Affiliates own. We will evaluate such financial and management capabilities in accordance with standards we use to establish Restaurants in other comparable market areas.

(d) Upon our acceptance of a proposed site, and provided you have demonstrated the requisite financial and management capabilities, all as above required, we will offer you a franchise to operate a Restaurant at the proposed site by delivering to you our then-current form of standard franchise agreement, together with all standard ancillary documents (including exhibits, riders, collateral assignments of leases, Owner guarantees and other related documents) that we then customarily use in granting franchises for the operation of Restaurants in the state in which the Restaurant is to be located (the "Franchise Agreement"). The Franchise Agreement must be executed by you and your Owners and returned to us not earlier than 7 days and not later than 21 days after we deliver it to you, with payment of the initial fees required thereunder. If we do not receive the fully executed Franchise Agreement and payment of the required initial fees, we may revoke our offer to grant you a franchise to operate a Restaurant at the proposed site and may revoke our acceptance of the proposed site.

#### **4. YOUR ORGANIZATION AND MANAGEMENT.**

**4.01 Organizational Documents.** If you are, or at any time become, a business corporation, partnership, limited liability company or other legal entity, you and each of your Owners represent, warrant and agree that: (a) you are duly organized and validly existing under the laws of the state of your organization, and, if a foreign business corporation, partnership, limited liability company or other legal entity, you are duly qualified to transact business in the state in which the Development Area is located; (b) you have the authority to execute and deliver this Agreement and to perform your obligations hereunder; (c) true and complete copies of the articles of incorporation, partnership agreement, bylaws, subscription agreements, buy-sell agreements, voting trust agreements and all other documents relating to your ownership, organization, capitalization, management and control have been delivered to us and all amendments thereto shall be promptly delivered to us; (d) your activities are restricted to those necessary solely for the development, ownership and operation of Restaurants in accordance with this Agreement and in accordance with any other agreements entered into with us or any of our Affiliates; (e) the articles of incorporation, partnership agreement or other organizational documents recite that the issuance, transfer or pledge of any

direct or indirect legal or beneficial ownership interest is restricted by the terms of this Agreement; and (f) all certificates representing direct or indirect legal or beneficial ownership interests now or hereafter issued must bear a legend in conformity with applicable law reciting or referring to such restrictions.

**4.02 Disclosure of Ownership Interests.** You and each of your Owners represent, warrant and agree that Exhibit B is current, complete, and accurate as of the Effective Date. You agree that updated Exhibits B will be furnished to us promptly, so that Exhibit B (as so revised and signed by you) is at all times current, complete and accurate. Each person who is or becomes an Owner must execute an agreement in form as we prescribe, undertaking to be bound jointly and severally by the terms of this Agreement. Each Owner must be an individual acting in his individual capacity, unless we waive this requirement.

## **5. RELATIONSHIP OF THE PARTIES.**

**5.01 Independent Contractors.** Neither this Agreement nor the dealings of the parties pursuant to this Agreement shall create any fiduciary relationship or any other relationship of trust or confidence. Franchisor and Area Franchisee, as between themselves, are and shall be independent contractors.

We and you acknowledge and agree that this Agreement (and the relationship of the parties which arises from this Agreement) grants us the right to make decisions, take actions and/or refrain from taking actions not inconsistent with your explicit rights and obligations hereunder that may affect favorably or adversely your interests. You understand and agree that we may operate and change the System and our business in any manner that is not expressly and specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right and/or discretion to take or withhold an action, or to grant or decline to grant you a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make our decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including our judgment of what is in the best interests of our franchise network, at the time our decision is made, without regard to: (a) whether other reasonable or even arguably preferable alternative decisions or actions could have been made by us; (b) whether our decision or the action we take promotes our financial or other individual interest; (c) whether our decision or the action we take applies differently to you and one (1) or more other franchisees; or (d) whether our decision or the exercise of our rights is adverse to your individual interests or the individual interests of any other particular franchisees. We will have no liability to you for any such decision or exercise of our rights.

Nothing contained in this Agreement, or arising from the conduct of the parties hereunder, is intended to make either party a general or special agent, joint venturer, partner or employee of the other for any purpose whatsoever. You must conspicuously identify yourself in all dealings with customers, lessors, contractors, suppliers, public officials, personnel and others as the owner of development rights granted hereunder and must place such other notices of independent ownership on such forms, business cards, stationery, advertising and other materials as we require at any time and from time to time.

You may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in our name or on our behalf or represent that the

relationship of the parties hereto is anything other than that of independent contractors. We will not be obligated by or have any liability under any agreements made by you with any third party or for any representations made by you to any third party. We will not be obligated for any damages to any person or property arising directly or indirectly out of the operation of your business hereunder.

**5.02 Indemnification.** You agree to indemnify us, our Affiliates and our respective directors, officers, employees, shareholders, members, agents, successors and assigns (collectively “indemnitees”), and to hold the indemnitees harmless to the fullest extent permitted by law, from any and all losses and expenses (as defined below) incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to judgment) or any settlement thereof which arises directly or indirectly from, or as a result of, a claim of a third party against any one or more of the indemnitees in connection with (i) your failure to perform or breach of any covenant, agreement, term or provision of this Agreement, (ii) your breach of any representation or warranty contained in this Agreement, and (iii) any allegedly unauthorized service or act rendered or performed in connection with this Agreement, (collectively “event”) and regardless of whether it resulted from any strict or vicarious liability imposed by law on the indemnitees. The foregoing indemnity shall apply even if it is determined that the indemnitees’ negligence caused such loss, liability or expense, in whole or in part, provided, however, that this indemnity will not apply to any liability arising from a breach of this Agreement by the indemnitees or the gross negligence or willful acts of indemnitees (except to the extent that joint liability is involved, in which event the indemnification provided herein will extend to any finding of comparative or contributory negligence attributable to you). The term “losses and expenses” includes compensatory, exemplary, and 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 our reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. We agree to give you reasonable notice of any event of which we become aware for which indemnification may be required, and we may elect (but are not obligated) to direct the defense thereof, including appropriate counsel at our sole determination. We may, in our reasonable discretion, take such actions as we deem necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereto as may be necessary for the protection of indemnitees or Restaurants generally, provided however, that any settlement shall be subject to your consent, which consent shall not be unreasonably withheld or delayed. Further, notwithstanding the foregoing, if the insurer on a policy or policies obtained in compliance with your Franchise Agreements agrees to undertake the defense of an event (an “Insured Event”), we agree not to exercise our right to select counsel to defend the event if such would cause your insurer to deny coverage. We reserve the right to retain counsel to represent us with respect to an Insured Event at our sole cost and expense. This Section shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

**5.03 Marks.** You acknowledge that we own the Marks and that you are not granted the right under this Agreement to use the Marks. Your right to use the Marks arises solely from Franchise Agreements entered into between you and us. You may not use any Mark (or any abbreviation, modification or colorable imitation) as part of any corporate or legal business name or in any other manner (including as an electronic media identifier, such as a web site, web page, or domain name) not explicitly authorized in writing by us.



## **6. RESTRICTIVE COVENANTS.**

**6.01 Confidential Information.** We will disclose parts of our Confidential Information solely for your use in the operation of the business contemplated by this agreement. The Confidential Information is proprietary and includes our trade secrets. During and after the Term: (a) you may not use the Confidential Information in any other business or capacity (as you hereby acknowledge that such prohibited use would be an unfair method of competition); (b) you must exert your best efforts to maintain the confidentiality of the Confidential Information, regardless of its format or medium of transmission to you; (c) you may not make unauthorized copies of any portion of the Confidential Information; and (d) you must implement all commercially reasonable procedures we prescribe at any time and from time to time to prevent unauthorized use or disclosure of the Confidential Information, including requiring your managers and assistant managers, and any other of your personnel who attends training or who has the ability to access our Confidential Information, to sign nondisclosure agreements in a form we prescribe or approve and delivering those agreements to us.

**6.02 In-Term Covenants.** You acknowledge that we have granted you the franchise in consideration of, and reliance upon, your agreement to deal exclusively with us. You therefore agree that, during the Term and any successor franchise term, neither you, any of your Owners, nor any of your or your Owners' Immediate Family will (without our prior consent, which consent we may condition or withhold for any or no reason):

(a) have any direct or indirect controlling or non-controlling ownership interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) divert or attempt to divert any actual or potential business or customer of any Checkers or Rally's-branded restaurant to a Competitive Business; or

(d) engage in any other activity which, in our sole opinion, might be injurious or prejudicial to the goodwill associated with the Marks or the System.

**6.03 Procurement of Additional Covenants.** You agree to require and obtain the execution of a non-disclosure and non-competition agreement, as we may require at our sole discretion, from all of the following persons:

(a) Before employment or any promotion, your Operating Partner; and,

(b) If you are a business entity, all Owners with at least a ten percent (10%) direct or indirect legal or beneficial ownership interest in you; all of your officers, directors and managers; and, all persons possessing equivalent positions in any business entity which directly or indirectly owns and/or controls you. You shall procure all such Nondisclosure and

Non-Competition Agreements no later than ten (10) days following the Effective Date (or, if any individual or entity attains any status identified above after the Effective Date, within ten (10) days after such individual or entity's attains such status) and shall furnish to us copies of all executed Nondisclosure and Non-Competition Agreements within ten (10) days following their execution.

## **7. AREA FRANCHISEE'S RIGHT TO TRANSFER.**

**7.01 Franchisor's Approval.** Your rights and duties under this Agreement are personal to you and if you are a business corporation, partnership, limited liability company or any other legal entity, your Owners. Accordingly, neither you nor any of your Owners may Transfer the Development Rights without our prior approval and without complying with the terms and conditions of Section 7. Any transfer without such approval or compliance constitutes a breach of this Agreement and is void and of no force or effect.

**7.02 Conditions for Approval.** If we have not exercised our right of first refusal under Section 7.06, we will not unreasonably withhold our approval of a Transfer of the Development Rights that meets all of the reasonable restrictions, requirements and conditions we impose on the transfer, the transferor(s) and/or the transferee(s), including the following:

(a) You and your Owners and Affiliates must be in compliance with the provisions of this Agreement and all Franchise Agreements executed pursuant hereto;

(b) at the time of the proposed Transfer, you have opened and continue to operate at least one (1) Restaurant;

(c) the proposed transferee and its owners (if the proposed transferee is a corporation, partnership, limited liability company or other legal entity) must provide us on a timely basis all information we request, and must be individuals acting in their individual capacities who are of good character and reputation, who must have sufficient business and development experience, aptitude and financial resources to develop Restaurants pursuant to this Agreement, and who must otherwise meet our approval;

(d) the proposed transferee may not be an entity, or be affiliated with an entity, that is required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended;

(e) the transferee and its owners must agree to be bound by all of the provisions of this Agreement for the remainder of its term;

(f) the transferee must acquire, in a concurrent transaction, all of your rights and the rights of your Owners and Affiliates under all franchise agreements for Restaurants executed by your or your Owners or Affiliates pursuant to this Agreement or pursuant to any other development or similar agreement with us;

(g) You or the transferee must pay us a transfer fee equal to \$20,000;

(h) You and your Owners and Affiliates must, except to the extent limited or prohibited by applicable law, execute a general release, in form and substance satisfactory to

us, of any and all claims against us, our Affiliates and stockholders, officers, directors, employees, agents, successors and assigns;

(i) you (and your Immediate Family) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 9.02 below; and

(j) You and your Owners and Affiliates must execute such other documents and do such other things as we reasonably require to protect our rights under this Agreement and any Franchise Agreements.

**7.03 Effect of Approval.** Our approval of a transfer of the Development Rights does not constitute: (a) a representation as to the fairness of the terms of any agreement or arrangement between you or your Owners and the transferee or as to the prospects of success by the transferee; or (b) a release of you and your Owners, a waiver of any claims against you or your Owners or a waiver of our right to demand the transferee's exact compliance with this Agreement. Any approval shall apply only to the specific transfer of the Development Rights being proposed and shall not constitute our approval of, or have any bearing on, any other proposed transfer of the Development Rights.

**7.04 Special Transfers.** Neither Section 7.06 nor Section 7.2(f) apply to any transfer of the Development Rights among any of your then current Owners or to any transfer of the Development Rights to any member of your Immediate Family or the immediate family of a then current Owner of Area Franchisee (if you are a corporation, partnership, limited liability company or other legal entity). On 30 days' notice to us, you (if you are an individual or partnership) may transfer this Agreement, in conjunction with a transfer of all of the Franchise Agreements executed pursuant hereto and all of the assets of the Restaurants operated pursuant thereto, by an agreement in form and substance approved by us, to a business corporation or limited liability company which conducts no business other than the development and operation of Restaurants and of which you own and control all of the equity and voting power of all issued and outstanding capital stock. None of the foregoing assignments shall relieve you or your Owners of your obligations hereunder, and you and your Owners shall remain jointly and severally liable for all obligations hereunder.

**7.05 Death or Disability.** Upon your death or permanent disability or an Owner of a controlling interest in Area Franchisee, the executor, administrator, or other personal representative of such person shall transfer his interest in this Agreement or his interest in Area Franchisee to a third party approved by us in accordance with all of the applicable provisions of Section 7 within a reasonable period of time, not to exceed 9 months from the date of death or permanent disability.

**7.06 Franchisor's Right of First Refusal.** If you or any of your Owners desires to transfer the Development Rights for legal consideration, you or such Owner(s) must obtain a bona fide, executed written offer and earnest money deposit in the amount of at least 5% of the offering price from a responsible and fully disclosed purchaser and must deliver immediately to us a complete and accurate copy of such offer. If the offeror proposes to buy any other property or rights from you or any of your Owners or Affiliates (other than rights under development and franchise agreements for Restaurants) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is fully disclosed to us, and the price and terms of purchase offered to you or your Owners for

the transfer of the Development Rights must reflect the bona fide price offered therefor and not reflect any value for any other property or rights.

We have the option, exercisable by notice delivered to you and your Owners within 30 days from the date of delivery of a complete and accurate copy of such offer to us, to purchase such interest in this Agreement or in Area Franchisee for the price and on the terms and conditions contained in such offer, provided that: (a) we may substitute cash for any form of payment proposed in such offer; (b) our credit shall be deemed equal to the credit of any proposed purchaser; and (c) we shall have not less than 90 days from the option exercise date to consummate the transaction. We have the right to investigate and analyze the business, assets and liabilities and all other matters we deem necessary or desirable in order to make an informed investment decision with respect to the fairness of the terms of the right of first refusal. We may conduct such investigation and analysis in any manner we deem reasonably appropriate, and you and your Owners must cooperate fully with us in connection therewith.

If we exercise our option to purchase, we will be entitled to purchase such interest subject to all representations and warranties, releases, non-competition covenants, closing documents and indemnities as we may reasonably require. If we do not exercise our option to purchase, you or your Owners may complete the sale to such offeror pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided in Sections 7.01 and 7.02, provided that if the sale to such offeror is not completed within 90 days after delivery of such offer to us, or if there is a material change in the terms of the offer, you must promptly notify us and we have an additional option to purchase (on the terms of the revised offer, if any, and otherwise as set forth herein) during the 30 day period following your notification of the expiration of the 90 day period or a material change to the terms of the offer.

**7.07 Securities Offerings.** Neither you nor any of your Owners shall issue or sell, or offer to issue or sell, any of your securities or any securities of any of your Affiliates, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior consent and complying with all of our requirements and restrictions concerning use of information about us and our Affiliates. Under no circumstances may you or any of its Owners issue or sell your securities or any securities of any of your Affiliates if: (a) such securities would be required to be registered pursuant to the Securities Act of 1933, as amended, or such securities would be owned by more than 35 persons; or (b) after such issuance or sale, you or such Affiliate would be required to comply with the reporting and information requirements of the Securities Exchange Act of 1934, as amended.

## 8. **TERMINATION OF THE AGREEMENT.**

**8.01 Immediate Termination.** You are in material breach of this Agreement, and this Agreement will automatically terminate without notice, at our discretion, if you become insolvent by reason of your inability to pay your debts as they mature; if you are adjudicated bankrupt or insolvent; if you file a petition in bankruptcy, reorganization or similar proceeding under the bankruptcy laws of the United States or have such a petition filed against you which is not discharged within 30 days; if a receiver or other custodian, permanent or temporary, is appointed for your business, assets, or property; if you request the appointment of a receiver or make a general assignment for the benefit of creditors; if a final judgment against you in the amount of \$25,000 or more remains unsatisfied of record for 30 days or longer; if your bank accounts, property or accounts receivable are attached; if execution is levied against your business or property; if suit is filed to foreclose any lien or mortgage against any of your assets and such suit is not dismissed within 30 days; if you voluntarily dissolve or liquidate or have a petition filed for corporate or partnership dissolution and such petition is not dismissed within 30 days; or if your assets, property or interests are “blocked” under any law or regulation relating to terrorist activities or if you are otherwise in violation of any such law or regulation.

**8.02 Termination Upon Notice.** In addition to our right to terminate pursuant to other provisions of this Agreement or under applicable law, we may terminate this Agreement, effective upon delivery of notice of termination to you:

- (a) if you fail to meet any part of the Development Schedule;
- (b) if you or any of your Owners or Affiliates make an unauthorized transfer of the Development Rights;
- (c) if you or any of your Owners or Affiliates make any material misstatement or omission in the application for the development rights conferred by this Agreement or in any other information provided to us, or are convicted of, or plead no contest to, a felony or other crime or offense that we reasonably believe may adversely affect the goodwill associated with the Marks;
- (d) if you or any of your Owners or Affiliates make any unauthorized use or disclosure of the Confidential Information;
- (e) if you or any of your Owners or Affiliates fail to comply with any other provision of this Agreement and do not correct such failure within 30 days after written notice of such failure to comply is delivered to you;
- (f) if you or any of your Owners or Affiliates are in breach of any Franchise Agreement or other agreement with us or our Affiliates such that we or our Affiliates have the right to terminate the Franchise Agreement or such other agreement, whether or not we or they elect to exercise such right of termination; or
- (g) if we determine that any applicable federal or state legislation, regulation or rule, which is enacted, promulgated or amended after the Effective Date, may have an adverse effect on our rights, remedies or discretion in franchising Restaurants.

We have no obligation whatsoever to refund any portion of the development fee upon any termination, except that we will refund the unapplied portion of the development fee paid pursuant to Section 2.01 in the event of a termination pursuant to Section 8.02(g).

**8.03 Cross-Default.** Any default or breach by you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates) of any other agreement with us or our Affiliate will be considered an event of default under this Agreement, and any default or breach by you (or any of your Owners) of this Agreement will be considered an event of default or breach by you under any and all agreements between us or our Affiliate and you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates). If the nature of the default under any other agreement would have been considered an event of default under this Agreement, then we or our Affiliate will have the right to terminate all other agreements between us or our Affiliate and you (or any of your Owners) or your Affiliate (or any of your Owner's Affiliates) in accordance with the termination provisions of this Agreement.

## **9. EFFECT OF TERMINATION AND EXPIRATION.**

**9.01 Continuing Obligations.** All obligations under this Agreement which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

**9.02 Post-Term Covenants.** For a period of 2 years, starting on the effective date of termination or expiration (without renewal or extension of the Term) of this Agreement, you are prohibited from directly or indirectly (such as through an Immediate Family member) owning a legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business operating within the Development Area; (b) any Competitive Business operating within a radius of three (3) miles of any "Checkers" or "Rally's"-branded restaurant in operation or under construction on the effective date of termination or expiration; or (c) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business. You acknowledge that we have a protectable legal interest in the System, customers of Restaurants and the goodwill associated with the Marks and that the non-competition covenants contained in this Section and Section 6.02 are necessary elements to their protection and are an integral part of this Agreement. You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and other opportunities for exploiting such skills, so that enforcement of the covenants contained in this Section will not deprive you of your personal goodwill or ability to earn a living. If you fail or refuse to abide by any of the foregoing covenants, and we obtain enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or we seek to enforce it, and will continue in effect for a period of 2 years after the date of order enforcing the covenant.

## **10. MISCELLANEOUS.**

**10.01 Severability and Substitution of Provisions.** Every part of this Agreement shall be considered severable. If for any reason any part of this Agreement is held to be invalid, that determination shall not impair the other parts of this Agreement. If any covenant herein which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of geographical area, type of business activity prohibited and/or length of time, but could be

rendered enforceable by reducing any part or all of it, you and we agree that it will be enforced to the fullest extent permissible under applicable law and public policy.

If any applicable law requires a greater prior notice of the termination than is required hereunder, a different standard of “good cause” to terminate this Agreement or the taking of some other action not required hereunder, the prior notice, the “good cause” standard and/or the other action required by such law shall be substituted for the comparable provisions hereof.

**10.02 Waiver of Obligations.** We and you may by written instrument unilaterally waive or reduce any obligation of the other under this Agreement. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of 10 days’ prior written notice. You and we shall not be deemed to have waived any right reserved by this Agreement or be deemed to have modified this Agreement by virtue of any custom or practice of the parties at variance with it.

**10.03 Exercise of Rights of Parties.** The rights of Franchisor and Area Franchisee hereunder are cumulative and no exercise or enforcement by Franchisor or Area Franchisee of any right or remedy hereunder shall preclude the exercise or enforcement by Franchisor or Area Franchisee of any other right or remedy hereunder which Franchisor or Area Franchisee is entitled to enforce by law. If Area Franchisee commits any act of default under this Agreement for which Franchisor exercises its right to terminate this Agreement, Area Franchisee shall pay to Franchisor all actual, consequential, special and incidental damages Franchisor incurs as a result of the premature termination of this Agreement regardless of whether or not such damages are reasonably foreseeable. Area Franchisee acknowledges and agrees that the proximate cause of such damages sustained by Franchisor is Area Franchisee’s act of default and not Franchisor’s exercise of its right to terminate. Notwithstanding the foregoing, and except as otherwise prohibited or limited by applicable law, any failure, neglect, or delay of a party to assert any breach or violation of any legal or equitable right arising from or in connection with this Agreement, shall constitute a waiver of such right and shall preclude the exercise or enforcement of any legal or equitable remedy arising therefrom, unless written notice specifying such breach or violation is provided to the other party within 12 months after the later of: (a) the date of such breach or violation; or (b) the date of discovery of the facts (or the date the facts could have been discovered, using reasonable diligence) giving rise to such breach or violation.

**10.04 Costs of Enforcement.** If we file a claim in a judicial or arbitration proceeding for amounts you or any of your Owners owe us or any of our Affiliates, or if we enforce this Agreement in a judicial or arbitration proceeding, and we prevail in any such proceeding, you agree to reimburse us for all of our costs and expenses, including reasonable accounting, paralegal, expert witness and attorneys’ fees. If we are required to engage legal counsel in connection with your failure to comply with this Agreement, you must reimburse us for any attorneys’ fees, costs and expenses we incur.

**10.05 Injunctive Relief.** We, as an alternative or supplement to arbitration pursuant to Section 10.06, may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause us irreparable harm. We may seek and obtain such injunctive relief, without bond, but

upon notice as required under applicable rules, in addition to such further and other relief as may be available at equity or law, and your sole remedy in the event of the entry of such injunction, shall be its dissolution, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). You and each of your Owners acknowledge that any violation of Sections 6, 7.02(i) or 9.02 would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you and each of your Owners consent and agree to the issuance of an injunction prohibiting any conduct in violation of any of those sections and agrees that the existence of any claim you or any of your Owners may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement of any of those Sections.

**10.06 Arbitration.** Subject to Section 10.05, all controversies, disputes, or claims between us or any of our Affiliates, or any of their respective officers, directors, agents, employees and attorneys and you, any of your Affiliates or any of their respective Owners, arising from or relating, directly or indirectly, to (i) this Agreement or any other agreement between you and us or your or our respective Affiliates, (ii) the scope and validity of any provision of this Agreement or any other agreement between you and us or any provision of such agreements (including the validity of the arbitration obligations under this Section 10.06, which the parties acknowledge is to be determined by an arbitrator and not a court); (iii) our relationship with you, including, without limitation, your application to become a franchisee and/or to acquire the right to operate an additional Restaurant, our decision to award a franchise, approve a site or any other matter related to your franchise application or site selection process for the Restaurants you develop under this Agreement or for an additional Restaurant; or (iv) any of our specifications and standards, shall on demand of either party be submitted for arbitration to the offices of the American Arbitration Association (“AAA”) located closest to our corporate headquarters at the time of such demand. The arbitration shall be governed exclusively by the United States Federal Arbitration Act (9 U.S.C. § 1, et seq.), without reference to any state arbitration statutes. The parties agree that, in connection with any such arbitration proceeding, each shall submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedures) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding shall be waived and such party will forever be barred from asserting such a claim. Settlement discussions occurring between the parties in relation to any dispute falling within the scope of this Section 10.06 shall be protected by Federal Rule of Evidence 408 and all other applicable rules limiting and/or precluding disclosure. The parties further agree that unless otherwise agreed in writing, neither side shall be permitted to disclose any settlement discussions to the arbitrators for any reason and that the arbitrators may not consider any settlement discussions or offers that might have been made by either you or us prior to commencing the arbitration proceeding. The arbitration proceedings shall be conducted in the city closest to our principal place of business and shall be conducted in accordance with the then-current commercial arbitration rules of the AAA, except as modified by this Agreement. The parties shall be entitled to limited discovery at the discretion of the arbitrators but in no event shall the arbitrators order the taking of depositions without the parties’ prior agreement. The parties acknowledge that the arbitrators’ subpoena power is not subject to geographic limitations. The arbitration shall be conducted by three arbitrators. Each party shall select an arbitrator within fifteen (15) days of commencement of the arbitration who shall serve as party arbitrators. The two designated party arbitrators shall select a neutral arbitrator with twenty (20) days of their selection. If



the two party arbitrators cannot agree on a third arbitrator within twenty (20) days of their appointment, the AAA shall select a third arbitrator in accordance with the terms of this Agreement. The parties further agree that the arbitration proceedings shall be commenced and conducted on an individual basis only and not on a multi-plaintiff, consolidated or class-wide basis, that the arbitrators have no authority to conduct any such multi-plaintiff, consolidated, or class-wide proceedings under this Section 10.06, and that each side expressly waives any ability or right to initiate or assert any such multi-plaintiff, consolidated, or class-wide claims in connection with any arbitration proceeding. The foregoing sentence is an integral provision of the arbitration procedures set forth in this paragraph, and may not be severed therefrom, notwithstanding Section 10.01 of this Agreement. If such sentence is determined to be invalid or unenforceable under applicable law in connection with a particular controversy, dispute, or claim, then the entire first paragraph of Section 10.06 shall be stricken from this Agreement and neither party shall be deemed to have consented to arbitration of such controversy, dispute, or claim. The arbitrators shall have the right to award individual relief which he or she deems proper under the evidence presented and applicable law and consistent with the parties' rights to, and limitations on, damages and other relief as expressly set forth in this Agreement, including without limitation, Sections 10.03, 10.04 and 10.10. The award and decision of the arbitrators shall be conclusive and binding on all parties, and judgment upon the award may be entered in any court of competent jurisdiction. Any right to contest the validity or enforceability of the award shall be governed exclusively by the United States Arbitration Act. We reserve the right, but have no obligation, to advance your share of the costs, fees and expenses of any arbitration proceeding, including any arbitrator fees, in order for such arbitration proceeding to take place, and by doing so will not be deemed to have waived or relinquished our right to seek the recovery of those amounts from the arbitrators, who shall provide for such relief in the final award, in addition to the costs, fees, and expenses that are recoverable under Section 10.04 above. The provisions of this Section 10.06 shall continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement.

**10.07 Jurisdiction and Venue.** SUBJECT TO SECTION 10.06 ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS IRREVOCABLY AGREE THAT: (A) ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION LOCATED CLOSEST TO OUR THEN CURRENT CORPORATE HEADQUARTERS (CURRENTLY TAMPA, FLORIDA); AND (B) ANY SUCH MATTER SHALL BE TRIED BY AND TO THE COURT SITTING WITHOUT A JURY, AND YOU WAIVE ANY RIGHT TO A JURY TRIAL. YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT YOU MAY LAWFULLY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH SUIT, ACTION OR PROCEEDING, AND AGREE THAT SERVICE OF PROCESS FOR PURPOSES OF ANY SUCH SUIT, ACTION OR PROCEEDING NEED NOT BE PERSONALLY SERVED OR SERVED WITHIN THE STATE OF FLORIDA, BUT MAY BE SERVED WITH THE SAME EFFECT AS IF YOU WERE SERVED WITHIN THE STATE OF FLORIDA, BY CERTIFIED MAIL OR ANY OTHER MEANS PERMITTED BY LAW ADDRESSED TO YOU AT THE ADDRESS SET FORTH HEREIN. NONETHELESS, YOU AND YOUR OWNERS AGREE THAT WE MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR THE DEVELOPER BUSINESS IS LOCATED.

**10.08 Governing Law.** This Agreement and any dispute, claim, or matter arising out of or relating in any way to the relationship between the parties (whether based in contract, tort, statute or otherwise and regardless of the relief sought) shall be construed under the laws of the State of Florida, provided the foregoing shall not constitute a waiver of your rights under any applicable franchise law of another state that does not conflict with Florida law. In the event of any conflict of law, Florida law will prevail, without regard to the application of Florida conflict of law principles. However, if any provision of this Agreement would not be enforceable under Florida law, and if the Development Area is predominantly located outside of Florida and such provision would be enforceable under the laws of the state in which the Development Area is predominantly located, then such provision shall be construed under the laws of that state. Nothing in this Section is intended to subject this Agreement to any franchise or similar law, rule or regulation of the State of Florida to which it otherwise would not be subject.

**10.09 Successors and Assigns.** This agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. This agreement is fully transferable by us, whether by operation of law or otherwise, and shall inure to the benefit of any transferee or other legal successor to our interest herein.

**10.10 Limitations on Damages.** EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 5.02, AND EXCEPT WITH RESPECT TO THE CONFIDENTIAL INFORMATION IN SECTION 6.01, FRANCHISOR AND FRANCHISEE (AND ITS OWNERS) EACH WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER. YOU AND EACH OF YOUR OWNERS WAIVE TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE RIGHT TO RECOVER CONSEQUENTIAL, SPECIAL AND INCIDENTAL DAMAGES FOR ANY CLAIM DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT.

You agree that, for our System to function properly, we should not be burdened with the costs of litigating system-wide disputes. Accordingly, any disagreement between you (and your Owners) and us shall be considered unique as to its facts and shall not be brought as a class action, and you (and each of your Owners) waive any right to proceed against us or any of our shareholders, members, Affiliates, officers, directors, employees, agents, successors and assigns by way of class action, or by way of a multi-plaintiff, consolidated or collective action. In any legal action between the parties, the court shall not be precluded from making its own independent determination of the issues in question, notwithstanding the similarity of issues in any other legal action involving us and any other franchisee, and each party waives the right to claim that a prior disposition of the same or similar issues precludes such independent determination.

**10.11 Construction.** The language of this Agreement shall be construed according to its fair meaning and not strictly for or against any party. The introduction, personal guarantees, exhibits and riders (if any) to this Agreement are a part of this Agreement, which constitutes the entire agreement of the parties. Except as otherwise expressly provided herein, there are no other oral or written agreements, understandings, representations or statements between us and you relating to the subject matter of this Agreement that either party may or does rely on or that will have any force or effect, except that nothing in this Agreement shall disclaim or require you to waive reliance on any representation we made in our most recent

Franchise Disclosure Document (including that document's exhibits and amendments) delivered to you or your representative. Nothing in this Agreement is intended or shall be deemed to confer any rights or remedies on any person or legal entity not a party hereto. This Agreement shall not be modified except by written agreement signed by both parties.

The headings of the sections are for convenience only and do not limit or construe their contents. The term "including" shall be construed to include the words "without limitation." The term "Area Franchisee" or "you" is applicable to one or more persons, a business corporation, limited liability company or a partnership and its owners, as the case may be. If two or more persons are at any time Area Franchisee hereunder, whether as partners, joint venturers or otherwise, their obligations and liabilities to us shall be joint and several. References to a controlling interest in an entity shall mean more than fifty percent (50%) of the equity and voting control of such entity.

This Agreement may be executed in multiple copies, each of which shall be deemed an original. Time is of the essence in this Agreement.

**10.12 Approvals and Consents.** In all cases where our prior consent or acceptance is required and no other method or timing for obtaining such consent or acceptance is prescribed, you must request such consent or acceptance in writing, and we will notify you of our decision within 60 days after receiving your written request and all supporting documentation. Whenever our consent or acceptance is required hereunder, such consent or acceptance must be in writing. If we do not respond in writing to your request within such 60-day period, the request shall be deemed denied. Our consent to or acceptance of any request by you shall be effective only to the extent specifically stated and shall not be deemed to waive or render unnecessary our consent or acceptance of any subsequent similar request. Except where this Agreement expressly obligates us to reasonably accept or consent to (or not to unreasonably withhold our acceptance or consent regarding) any action or request by you, we have the absolute right for any reason or no reason to withhold our acceptance of or consent to any action by you.

**10.13 Notices and Payments.** All notices, requests and reports permitted or required to be made by the provisions of this Agreement shall be in writing and shall be deemed delivered: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the same date of the transmission by facsimile or other reasonably reliable electronic communication system; (c) 1 business day after being placed in the hands of a commercial courier service for guaranteed overnight delivery; or (d) 5 business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Such notices, requests and reports shall be sent to the addresses identified in this Agreement unless and until a different address has been designated by appropriate written notice to the other party. No restrictive endorsement on any check or in any letter or other communication accompanying any payment shall bind us, and our acceptance of any such payment shall not constitute an accord and satisfaction.

**10.14 Area Franchisee's Release.** To the full extent permitted by applicable law, Area Franchisee, for itself and on behalf of its Affiliates, and their respective shareholders, directors, officers, limited liability company members, managers and employees, and their respective successors and assigns, and on behalf of Area Franchisee's Owners, hereby (i) releases and forever discharges Franchisor and its Affiliates, and their respective directors,

officers, employees, agents, representatives and attorneys, and their respective successors and assigns, from any and all claims, demands and causes of action, whether known or unknown, of any kind or nature, absolute or contingent, if any at law or in equity, arising prior to or on the date you sign this Agreement, and (ii) agrees that none of them will institute any litigation or other legal action or proceeding, at law or in equity, against Franchisor or its affiliates and their directors, officers, employees, agents, representatives and attorneys, and their respective successors and assigns, directly or indirectly, relating to any claim or demand released under this Section 10.14. Area Franchisee shall take whatever actions are necessary or appropriate to carry out the terms of this release and covenant not to sue upon Franchisor's request. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation we made in our Franchise Disclosure Document (including any of that document's exhibits and amendments) delivered to you, your Owners, Affiliates or representatives. This Section 10.14 shall survive the expiration or termination of this Agreement.

**10.15 Electronic Signatures.** The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

**10.16 Receipt of Disclosure Document and Agreement.** You acknowledge having received our Franchise Disclosure Document and this Agreement, with all blanks completed, within the time periods required by applicable law.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the day and year first above written.

**FRANCHISOR**

**CHECKERS DRIVE-IN RESTAURANTS, INC.**, a Delaware corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**AREA FRANCHISEE**

\_\_\_\_\_  
If a corporation, partnership, limited liability company or other legal entity:

\_\_\_\_\_  
(Name of corporation, partnership, limited company or other legal entity)

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**EXHIBIT A**  
**TO THE RESTAURANT DEVELOPMENT AGREEMENT**

1. The Term expires on \_\_\_\_\_, \_\_\_\_\_.
2. The Development Area is the geographical area described as follows:

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Political boundaries described above shall be considered fixed as of the Effective Date and shall not change for the purpose hereof, notwithstanding a political reorganization or change to such boundaries or regions. All street boundaries shall be deemed to end at the street center line unless otherwise specified above.

3. (a) You must open the number of new Restaurants, and have in operation the cumulative number of Restaurants, set forth below as of each of the corresponding dates:

| <u>Date</u> | <u>Number of New Restaurants<br/>to be Opened</u> | <u>Cumulative Number of<br/>Restaurants In Operation</u> |
|-------------|---------------------------------------------------|----------------------------------------------------------|
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |
| _____       | _____                                             | _____                                                    |

(b) For each Restaurant to be opened pursuant to the second column in Section 3(a), above, the following table sets forth: (i) the timelines by which you must acquire, lease, or sublease a site ("Property Control") for the Restaurant (the "Property Control Date"), the date by which you must begin construction (if applicable) (the "Construction Start Date"), and the date by which the Restaurant must be opened; and (ii) the amount of initial franchise fee, if those timelines are met.

| <u>Restaurant</u> | <u>Property<br/>Control Date</u> | <u>Construction<br/>Start Date</u> | <u>Opening Date</u> | <u>Amount of<br/>Initial<br/>Franchise Fee<br/>(\$)</u> |
|-------------------|----------------------------------|------------------------------------|---------------------|---------------------------------------------------------|
| —                 | —                                | —                                  | —                   | —                                                       |
| —                 | —                                | —                                  | —                   | —                                                       |
| —                 | —                                | —                                  | —                   | —                                                       |
| —                 | —                                | —                                  | —                   | —                                                       |
| —                 | —                                | —                                  | —                   | —                                                       |
| —                 | —                                | —                                  | —                   | —                                                       |
| —                 | —                                | —                                  | —                   | —                                                       |

If (i) you fail to meet any of the timelines listed in the chart of Section 3(b), (ii) you fail to maintain Property Control after the Property Control Date, or (iii) you or any of your affiliates are in breach of any term or condition under this Agreement or any other agreements with us, the initial franchise fee for that particular Restaurant as well as all subsequent Restaurants to be developed hereunder will, without notice to you automatically readjust to the standard amount of \$30,000 (regardless of the initial franchise fee amount listed in the Section 3(b) chart). For the avoidance of doubt, the standard amount of initial franchise fee reduction in the chart of Section 3(b), above, will not apply to any Franchise Agreement entered into in connection with a renewal or transfer of a Restaurant.

4. For purposes of the chart in Section 3(a), above, a Restaurant that is permanently closed after having been opened, other than as a result of noncompliance by you with the terms of the applicable Franchise Agreement, shall be deemed open for a period of 6 months after the last day it was open for business, provided that: (i) during such period of time, you continuously and diligently take such actions as may be required to develop and open a substitute Restaurant within the Development Area pursuant to a new Franchise Agreement therefor; and (ii) by the end of such period you have the substitute Restaurant open and operating in compliance with the Franchise Agreement therefor.

5. The development fee shall be \_\_\_\_\_ Dollars (\$\_\_\_\_\_), representing Ten Thousand Dollars (\$10,000) for each Restaurant to be developed pursuant to Section 3(a), above, for which an initial franchise fee is due. The development fee is non-refundable under any circumstances (including your failure to develop any of the Restaurants contemplated hereunder) and shall be deemed earned when paid. For each Franchise Agreement that you enter into in accordance with the development schedule of Section 3(a), above, we will apply Ten Thousand Dollars (\$10,000) of the development fee against the initial franchise fee due under the Franchise Agreement until the development fee is applied in full.

**[SIGNATURE PAGE FOLLOWS]**

**FRANCHISOR:**

**CHECKERS DRIVE-IN RESTAURANTS,  
INC.,** a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\*Effective Date: \_\_\_\_\_

**AREA FRANCHISEE:**

If a corporation, partnership, limited liability company, or other legal entity

\_\_\_\_\_  
(Name of corporation, partnership, limited liability company or other legal entity)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If individuals:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)



**EXHIBIT B**  
**TO THE RESTAURANT DEVELOPMENT AGREEMENT**

1. Form of Entity of Area Franchise.

(a) Corporation or Limited Liability Company. Area Franchisee was incorporated on \_\_\_\_\_, \_\_\_\_\_, under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its corporate name. The following is a list of all of Area Franchisee's directors and officers as of \_\_\_\_\_, \_\_\_\_\_.

| <u>Name of Each Director/Officer</u> | <u>Position(s) Held</u> |
|--------------------------------------|-------------------------|
| _____                                | _____                   |
| _____                                | _____                   |
| _____                                | _____                   |
| _____                                | _____                   |
| _____                                | _____                   |
| _____                                | _____                   |
| _____                                | _____                   |

(b) Partnership. Area Franchisee is a [general] [limited] partnership formed on \_\_\_\_\_, \_\_\_\_\_ under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its partnership name. The following is a list of all of Area Franchisee's general partners as of \_\_\_\_\_, \_\_\_\_\_.

Name of each General Partner

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2. Owners. Area Franchisee and each of its Owners represents and warrants that the following is a complete and accurate list of all Owners of Area Franchisee, including the full name and mailing address of each Owner, and fully describes the nature and extent of each Owner's interest in Area Franchisee. Area Franchisee, and each Owner as to his ownership interest in Area Franchisee, represents and warrants that each Owner is the sole and exclusive legal and beneficial owner of his ownership interest, free and clear of all liens, restrictions, agreements and encumbrances of any kind or nature, other than those required or permitted by this Agreement.

| <u>Owner's Name and Address</u> | <u>Description of Interest</u> |
|---------------------------------|--------------------------------|
| <hr/>                           | <hr/>                          |
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[SIGNATURE PAGE FOLLOWS]

Accepted by Franchisor and  
made a part of the  
Development Agreement as of  
\_\_\_\_\_, \_\_\_\_.

**CHECKERS DRIVE-IN RESTAURANTS,**  
INC., a Delaware corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Submitted by area franchisee  
on \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_  
(Name of corporation, limited liability  
company or partnership)

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Owners:

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name)

**OWNERS' PERSONAL GUARANTY  
OF AREA FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the Restaurant Development Agreement dated as of \_\_\_\_\_, \_\_\_\_ (the "Agreement") by and between CHECKERS DRIVE-IN RESTAURANTS, INC. ("Franchisor"), and \_\_\_\_\_ ("Area Franchisee"), each of the undersigned Owners of an interest in Area Franchisee hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that Area Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement (and any amendments) and that each and every representation of Area Franchisee made in connection with the Agreement (and any amendments) are true, correct and complete in all respects at and as of the time given; and (2) agrees personally to be bound by each and every provision in the Agreement (and any amendments) and to be personally liable for his or her breach thereof, including without limitation, Sections 4, 5, 6, 7, 9 and 10 (for the avoidance of doubt, including Section 10.06) thereof.

Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Area Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (i) his direct and immediate liability under this guaranty shall be joint and several; (ii) he shall render any payment or performance required under the agreement upon demand if Area Franchisee fails or refuses to do so punctually; (iii) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Area Franchisee or any other person; and (iv) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Area Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable until satisfied in full.

**[SIGNATURE PAGE FOLLOWS]**

**IN WITNESS WHEREOF**, each of the undersigned has hereunto affixed his signature, under seal, on the same day and year as the agreement was executed.

**PERCENTAGE OF OWNERSHIP  
INTERESTS IN AREA FRANCHISEE**

**GUARANTOR(S)**

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---

(Signature)

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(Print Name)

---

---

(Signature)

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(Print Name)

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(Signature)

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(Print Name)

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(Signature)

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(Print Name)

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(Signature)

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(Print Name)

**EXHIBIT D**

**OPERATIONS MANUAL TABLE OF CONTENTS**

- Restaurant Operations
  - Operations Standards
  - Marketing Materials
  - Franchisee Referral Program
  - RTI
  - Programs & Processes
  - Protect the Brand
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  - Training Materials
  - Restaurant Reimage
- Communications
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- Franchise Resources
  - Franchise Restaurant Top 10 Scorecard
  - New Restaurant Opening Resources
- Getting Started
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Total pages – Approximately 400

**EXHIBIT E**  
**ELECTRONIC PAYMENT AUTHORIZATION**



**ELECTRONIC PAYMENT AUTHORIZATION  
(VIA AUTOMATIC CLEARING HOUSE DEBIT)**

FRANCHISEE NAME: \_\_\_\_\_

RESTAURANT NUMBER(S): \_\_\_\_\_

I hereby authorize Checkers Drive-In Restaurants, Inc., to initiate debits to the checking account indicated below, for the specific purpose of collecting royalties, rents and other amounts due and owing under the Franchise Agreement dated \_\_\_\_\_.

(Or other designated agreement: \_\_\_\_\_ dated \_\_\_\_\_.)

NAME ON ACCOUNT: \_\_\_\_\_

BANK NAME: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

ACCT NUMBER: \_\_\_\_\_ RT/ABA: \_\_\_\_\_

This authority will remain in full force and effect until terminated by Franchisee pursuant to a written notice delivered to Checkers Drive-In Restaurants, Inc. at least thirty (30) days in advance thereof.

Authorized Signer for Franchisee:

NAME: \_\_\_\_\_

SIGNED: \_\_\_\_\_

DATE: \_\_\_\_\_

**EXHIBIT F**  
**LIST OF CURRENT FRANCHISEES**

The following table lists all Checkers Restaurant franchisees as of December 29, 2025:

| Franchisee Name                         | Contact                                     | Address                   | City           | State | Zip   | Phone          |
|-----------------------------------------|---------------------------------------------|---------------------------|----------------|-------|-------|----------------|
| AL Quick Service Capital Partners, LLC  | Harms, Russell, Leon, Ken and Kunofsy, Glen | 2204 Ross Clark Circle    | Dothan         | AL    | 36301 | (334) 671-8333 |
| AL Quick Service Capital Partners, LLC  | Harms, Russell, Leon, Ken and Kunofsy, Glen | 3107 Montgomery Highway   | Dothan         | AL    | 36303 | (334) 671-2368 |
| AL Quick Service Capital Partners, LLC  | Harms, Russell, Leon, Ken and Kunofsy, Glen | 1111 Ross Clark Circle    | Dothan         | AL    | 36301 | (334) 671-5545 |
| Global Midsouth Corp                    | Turner, William and Turner, Sedrick         | 4000 University Drive     | Huntsville     | AL    | 35816 | (256) 837-4670 |
| Global Midsouth Corp                    | Turner, William and Turner, Sedrick         | 2380 E. South Boulevard   | Montgomery     | AL    | 36116 | (334) 593-1669 |
| 4108 Restaurant, LLC                    | Chunara, Ali                                | 2009 Pepperell Parkway    | Opelika        | AL    | 36801 | (334) 745-7733 |
| Global Midsouth Corp                    | Turner, William and Turner, Sedrick         | 521 15th Street           | Tuscaloosa     | AL    | 35401 | (205) 345-4608 |
| LPK Enterprises Inc.                    | Khimani, Shafeeq                            | 3224 S. Caraway Rd.       | Jonesboro      | AR    | 72404 | (870) 935-8203 |
| M & A Fast Food, LLC                    | Kumar, Namita                               | 1498 Red Wolf Blvd        | Jonesboro      | AR    | 72401 | (870) 520-5084 |
| M&A Fast Food, LLC                      | Kumar, Namita                               | 812 Southwest Dr.         | Jonesboro      | AR    | 72401 | (870) 336-3216 |
| M&A Fast Food, LLC                      | Kumar, Namita                               | 304 Linwood Drive         | Paragould      | AR    | 72450 | (870) 215-0969 |
| Quik Serve Foods, Inc.                  | Laster, Benjamin                            | 2300 New York Avenue N.E. | Washington     | DC    | 20002 | (202) 269-9377 |
| Neehil, LLC                             | Christian, Hetal                            | 1503 N. Dupont Hwy.       | New Castle     | DE    | 19720 | (302) 327-0580 |
| 4301 Wilmington Burger, LLC             | Goswami, Dinesh                             | 4301 N. Market St.        | Wilmington     | DE    | 19802 | (302) 482-3306 |
| Wilmington Burger, LLC                  | Goswami, Dinesh                             | 1901 West 4th St          | Wilmington     | DE    | 19805 | (302) 256-0316 |
| Quick Service Capital Partners, LLC     | Harms, Russell, Leon, Ken and Kunofsy, Glen | 382 US-27                 | Avon Park      | FL    | 33825 | (863) 452-6444 |
| Sunstate Restaurant Management #2, Inc. | Joy, Craig                                  | 1520 W Brandon Blvd.      | Brandon        | FL    | 33511 | (813) 689-7275 |
| Quick Service Capital Partners, LLC     | Harms, Russell, Leon, Ken and Kunofsy, Glen | 852 S. Broad Street       | Brooksville    | FL    | 34601 | (727) 992-3031 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 1624 Skyline Blvd         | Cape Coral     | FL    | 33991 | (239) 922-1070 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 1595 Missouri Ave.        | Clearwater     | FL    | 33756 | (727) 446-3089 |
| Shazimserena Enterprise LLC             | Valiyani, Saleem                            | 1450 Johns Lake Rd        | Clermont       | FL    | 34711 | (407) 777-8408 |
| Shazimserena Enterprise LLC             | Valiyani, Saleem                            | 550 US Hwy 27             | Clermont       | FL    | 34714 | (407) 684-4903 |
| Burger Fries Girls 2, LLC               | Augustin, Dannie and Genese                 | 9935 W. Sample Rd         | Coral Springs  | FL    | 33065 | (954) 344-2612 |
| Fast Burgers, LLC                       | Bingham, Will                               | 12600 US 301              | Dade City      | FL    | 33525 | (352) 567-9717 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 1174 Beville Road         | Daytona Beach  | FL    | 32114 | (386) 258-3901 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 1537 Saxon Blvd           | Deltona        | FL    | 32725 | (386) 516-8787 |
| Quick Service Capital Partners, LLC     | Harms, Russell, Leon, Ken and Kunofsy, Glen | 36114 HWY 27              | Haines City    | FL    | 33844 | (863) 421-6512 |
| Quick Service Capital Partners, LLC     | Harms, Russell, Leon, Ken and Kunofsy, Glen | 510 W. Main               | Inverness      | FL    | 34450 | (352) 341-4445 |
|                                         | Patel, Pritesh                              | 11361 Beach Blvd.         | Jacksonville   | FL    | 32246 | (904) 379-2879 |
| DHHEY, LLC                              | Patel, Pritesh                              | 7214 103rd St.            | Jacksonville   | FL    | 32210 | (904) 379-2853 |
| SAI of Jacksonville, LLC                | Patel, Pritesh                              | 9555 Normandy Blvd        | Jacksonville   | FL    | 32221 | (904) 377-1484 |
| Shazimserena Enterprise LLC             | Valiyani, Saleem                            | 904 Cypress Pkwy          | Kissimmee      | FL    | 34759 | (321) 900-8936 |
| Sunstate Restaurant Management, Inc.    | Joy, Craig                                  | 991 E. Memorial Blvd.     | Lakeland       | FL    | 33801 | (863) 603-9224 |
| Sunstate Restaurant Management, Inc.    | Joy, Craig                                  | 6785 US Hwy 98 N          | Lakeland       | FL    | 33809 | (863) 858-3449 |
| Sun 77 Development, LLC                 | Amin, Bob                                   | 2803 S Hwy 77             | Lynn Haven     | FL    | 32444 | (850) 740-3559 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 2505 N. Wickham Road      | Melbourne      | FL    | 32935 | (321) 242-9902 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 520 N. Courtenay Pkwy.    | Merritt Island | FL    | 32953 | (321) 459-1199 |
| Boss Burgers, LLC                       | Roberts, Tawanda and Roberts, Tommie A.     | 2645 NW 183rd St          | Miami Gardens  | FL    | 33056 | (305) 624-2205 |
| Burger Fries Girls 4, LLC               | Augustin, Dannie and Genese                 | 590 E. Oakland Park Blvd. | Oakland Park   | FL    | 33334 | (754) 247-3699 |
| Shazimserena Enterprise LLC             | Valiyani, Saleem                            | 10500 W Colonial Dr       | Ocoee          | FL    | 34761 | (407) 777-8661 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 1625 S. Volusia Ave.      | Orange City    | FL    | 32763 | (386) 878-7204 |
| SAI of Jacksonville, LLC                | Patel, Pritesh                              | 934 Blanding Blvd         | Orange Park    | FL    | 32065 | (904) 375-0687 |
| International Square, Inc.              | Moore, Tiffany                              | 6908 Sand Lake Road       | Orlando        | FL    | 32819 | (407) 248-9052 |
| Check 1, LLC                            | Bingham, Will                               | 101 Highlawn Ave          | Palatka        | FL    | 32177 | (386) 385-3776 |
| JJB Burgers, LLC                        | Quinn, Michael and Setzer, Jason            | 4840 Babcock St NE        | Palm Bay       | FL    | 32905 | (321) 327-7895 |
| Check 1, LLC                            | Bingham, Will                               | 16 Old Kings Rd. N.       | Palm Coast     | FL    | 32137 | (386) 585-4623 |
| Shiv Investment of Panama City, LLC     | Amin, Bob                                   | 9958 Hutchinson Blvd      | Panama City    | FL    | 32407 | (850) 775-4923 |
| Sunstate Restaurant Management #3, Inc. | Joy, Craig                                  | 2405 Jim Redmond Pkwy.    | Plant City     | FL    | 33566 | (813) 759-0151 |
| Burger Fries Girls 3, LLC               | Augustin, Dannie and Genese                 | 1149 S State Road 7       | Plantation     | FL    | 33317 | (954) 321-6690 |

| Franchisee Name                         | Contact                                     | Address                           | City           | State | Zip   | Phone          |
|-----------------------------------------|---------------------------------------------|-----------------------------------|----------------|-------|-------|----------------|
| Fast Burgers, LLC                       | Bingham, Will                               | 3854 Sun City Center              | Ruskin         | FL    | 33573 | (813) 331-3100 |
| Sunstate Restaurant Management #4, Inc. | Joy, Craig                                  | 603 Martin Luther King Blvd.      | Seffner        | FL    | 33584 | (813) 681-1923 |
| Quick Service Capital Partners, LLC     | Harms, Russell, Leon, Ken and Kunofsy, Glen | 1377 Apalachee Parkway            | Tallahassee    | FL    | 32301 | (850) 666-0964 |
| Quick Service Capital Partners, LLC     | Harms, Russell, Leon, Ken and Kunofsy, Glen | 802 Lake Bradford Rd              | Tallahassee    | FL    | 32304 | (850) 688-8991 |
| Quick Service Capital Partners, LLC     | Harms, Russell, Leon, Ken and Kunofsy, Glen | 3111 Mahan Dr.                    | Tallahassee    | FL    | 32308 | (850) 878-8705 |
| Shazimserena Enterprises, LLC           | Valiyani, Saleem                            | 2701 E. Fletcher Ave.             | Tampa          | FL    | 33612 | (813) 615-1550 |
| C.S. Holdings of Tampa, LLC             | Suttle, Terri                               | 7711 Madison Ave                  | Tampa          | FL    | 33619 | (813) 252-8228 |
| Sunstate Restaurant Management #5, Inc. | Joy, Craig                                  | 940 Havendale Blvd.               | Winter Haven   | FL    | 33881 | (863) 294-7686 |
| Check 1, LLC                            | Bingham, Will                               | 5505 Gall Blvd                    | Zephyrhills    | FL    | 33542 | (813) 779-2885 |
| Coastal Plain Champ, Inc.               | Hunt, III, Dallas                           | 110 South Slappey Blvd            | Albany         | GA    | 31701 | (229) 883-3131 |
| SOWEGA BUFORD, LLC                      | Hunt, III, Dallas                           | 2703 Dawson Rd                    | Albany         | GA    | 31707 | (229) 920-3775 |
| S I Restaurants Group-1, Inc.           | Khutliwala, Abid                            | 1449 Donnelly Ave SW              | Atlanta        | GA    | 30310 | (404) 245-1695 |
| S I Restaurants, Inc.                   | Khutliwala, Abid                            | 420 Moreland Ave SE               | Atlanta        | GA    | 30316 | (678) 973-0932 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 120 Piedmont Ave NE, Suite B      | Atlanta        | GA    | 30303 | (678) 732-9187 |
| Shiraz Burgers LLC                      | Surani, Shiraz                              | 211 Cleveland Ave SW              | Atlanta        | GA    | 30315 | (404) 761-0201 |
| S I Restaurants, Inc.                   | Khutliwala, Abid                            | 2641 Donald Lee Hollowell Pkwy NW | Atlanta        | GA    | 30318 | (404) 500-3461 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 2611 Dean's Bridge Rd.            | Augusta        | GA    | 30906 | (706) 793-8708 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 1720 Walton Way                   | Augusta        | GA    | 30904 | (706) 496-2602 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 2901 Peach Orchard Road           | Augusta        | GA    | 30906 | (706) 793-9631 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 228 Bobby Jones Expressway        | Augusta        | GA    | 30907 | (762) 222-6936 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 3429 Wrightsboro Road             | Augusta        | GA    | 30909 | (706) 737-6850 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 6 Windy Ridge Circle              | Blue Ridge     | GA    | 30513 | (706) 632-2054 |
| StarrChex Georgia, LLC                  | Babb, Valerie and Linderman, Danny          | 5599 Altama Ave                   | Brunswick      | GA    | 31525 | (912) 275-7764 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 560 Highway 53 E                  | Calhoun        | GA    | 30701 | (706) 602-9377 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 901 Joe Frank Harris Pkwy.        | Cartersville   | GA    | 30120 | (770) 387-0050 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 703 North Main Street             | Cedartown      | GA    | 30125 | (770) 748-2581 |
| Gourmet Gathering, LLC                  | Pham, Cuong                                 | 12 Bo James Street                | Clayton        | GA    | 30525 | (706) 782-7058 |
| SI Group of Restaurants - 4, LLC        | Khutliwala, Abid                            | 3474 Victory Drive                | Columbus       | GA    | 31903 | (706) 940-0086 |
| SI Group of Restaurants - 4, LLC        | Khutliwala, Abid                            | 2453 Wynnton Road                 | Columbus       | GA    | 31906 | (706) 221 3577 |
| Jaimey Investments, LLC                 | Dosani, Yousuf                              | 3182 US Hwy 278                   | Covington      | GA    | 30014 | (678) 712-6040 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 883 Shugart Road                  | Dalton         | GA    | 30720 | (706) 259-7747 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 502 Liberty Square Drive          | Dalton         | GA    | 30720 | (706) 277-5151 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 1300 N. Glenwood Ave.             | Dalton         | GA    | 30721 | (706) 277-0087 |
| Shiraz Burgers LLC                      | Surani, Shiraz                              | 3519 Memorial Dr                  | Decatur        | GA    | 30032 | (404) 288-1206 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 2854 Candler Rd.                  | Decatur        | GA    | 30034 | (404) 241-3014 |
| S I Restaurants Group, LLC              | Khutliwala, Abid                            | 4063 Glenwood Ave.                | Decatur        | GA    | 30032 | (404) 289-3939 |
| Paramount Restaurant Group, LLC         | Gonzales, Shana                             | 2388 Wesley Chapel Road           | Decatur        | GA    | 30035 | (770) 593-2232 |
| Shiraz Burgers LLC                      | Surani, Shiraz                              | 2148 Lawrenceville Hwy.           | Decatur        | GA    | 30033 | (470) 355-0071 |
| Shiraz Burgers LLC                      | Surani, Shiraz                              | 5801 Buford Highway               | Doraville      | GA    | 30340 | (678) 547-0036 |
| 3078 Restaurant Corp.                   | Chunara, Ali                                | 6033 Fairburn Rd                  | Douglasville   | GA    | 30134 | (770) 947-9646 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 2336 Pleasant Hill Road           | Duluth         | GA    | 30096 | (770) 232-7773 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 4948 Jonesboro Rd                 | Forest Park    | GA    | 30297 | (404) 941-7181 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 3554 Windsor Springs Road         | Hephzibah      | GA    | 30815 | (706) 955-7399 |
| StarrChex Georgia, LLC                  | Babb, Valerie and Linderman, Danny          | 147 General Screven               | Hinesville     | GA    | 31313 | (912) 877-4406 |
| Bayshore Development, Inc.              | Roberts, Larry                              | 4113 Jimmy Lee Smith Parkway      | Hiram          | GA    | 30141 | (770) 943-6474 |
| All American QSR, LLC                   | Pandya, Ketan and Ali, Ramsey               | 10457 Tara Blvd                   | Jonesboro      | GA    | 30236 | (470) 278-2667 |
| Shiraz Burgers LLC                      | Surani, Shiraz                              | 6339 Tara Blvd.                   | Jonesboro      | GA    | 30236 | (770) 603-1072 |
| S I Restaurants Group-2, Inc.           | Khutliwala, Abid                            | 896 Thornton Road                 | Lithia Springs | GA    | 30122 | (678) 593-6668 |

| Franchisee Name                      | Contact                             | Address                         | City           | State | Zip   | Phone          |
|--------------------------------------|-------------------------------------|---------------------------------|----------------|-------|-------|----------------|
| 1047 Restaurant, LLC                 | Chunara, Ali                        | 2775 Panola Rd                  | Lithonia       | GA    | 30058 | (770) 593-3111 |
| All American QSR, LLC                | Pandya, Ketan and Ali, Ramsey       | 3745 Austell Road               | Marietta       | GA    | 30060 | (770) 431-8111 |
| Paramount Restaurant Group, LLC      | Gonzales, Shana                     | 729 Highway 42 South            | McDonough      | GA    | 30253 | (770) 898-3663 |
| IMAJE Investments, LLC               | Dosani, Yousuf                      | 215 B Hwy 138                   | Monroe         | GA    | 30655 | (770) 207-6389 |
| Paramount Restaurant Group, LLC      | Gonzales, Shana                     | 5260 Jimmy Carter Blvd.         | Norcross       | GA    | 30093 | (770) 416-6840 |
| International Food Services, Inc.    | Pham, Cuong                         | 1220 Tech Dr.                   | Norcross       | GA    | 30093 | (770) 864-9061 |
| Bayshore Development, Inc.           | Roberts, Larry                      | 900 N. Broad Street             | Rome           | GA    | 30161 | (706) 290-1070 |
| RCS of GA, LLC                       | Sharma, Chand                       | 301 Mall Boulevard              | Savannah       | GA    | 31406 | (912) 354-8030 |
| StarrChex Georgia, LLC               | Babb, Valerie and Linderman, Danny  | 100 W De Renne Ave              | Savannah       | GA    | 31405 | (912) 354-4939 |
| IMAJE Investments                    | Dosani, Yousuf                      | 1265 N Cherokee Rd              | Social Circle  | GA    | 30025 | (770) 464-1199 |
| StarrChex Georgia, LLC               | Babb, Valerie and Linderman, Danny  | 75 Northside Drive East         | Statesboro     | GA    | 30458 | (912) 243-9099 |
| 3082 Restaurant Corp.                | Chunara, Ali                        | 70 Hwy 138                      | Stockbridge    | GA    | 30281 | (770) 507-4309 |
| All American QSR, LLC                | Pandya, Ketan and Ali, Ramsey       | 6000 Memorial Drive             | Stone Mountain | GA    | 30083 | (404) 294-8075 |
| CQ International Food, Inc.          | Pham, Cuong                         | 2930 Lawrenceville-Suwanee Road | Suwanee        | GA    | 30024 | (770) 932-0404 |
| All American QSR, LLC                | Pandya, Ketan and Ali, Ramsey       | 1807 Washington Road            | Thomson        | GA    | 30824 | (706) 595-3311 |
| South Georgia Food Services, Inc.    | Hunt, III, Dallas                   | 112 S. Virginia Avenue          | Tifton         | GA    | 31794 | (229) 386-5852 |
| All American QSR, LLC                | Pandya, Ketan and Ali, Ramsey       | 4270 La Vista Road              | Tucker         | GA    | 30084 | (770) 908-4999 |
| Shiraz Burgers LLC                   | Surani, Shiraz                      | 6344 Lawrenceville Hwy          | Tucker         | GA    | 30084 | (770) 674-7544 |
| SI Group of Restaurants, LLC         | Khutliwala, Abid                    | 4788 Jonesboro Rd               | Union City     | GA    | 30291 | (678) 251-8299 |
| J.C. Lewis Enterprises, Inc.         | Lewis Jr., John                     | 2129 N. Ashley Street           | Valdosta       | GA    | 31602 | (229) 249-9044 |
| StarrChex Georgia, LLC               | Babb, Valerie and Linderman, Danny  | 1918 Memorial Drive             | Waycross       | GA    | 31501 | (912) 284-1066 |
| Checkers of the Quad Cities, Inc.    | Gervase, Steve                      | 2310 W. Kimberly Road           | Davenport      | IA    | 52806 | (563) 388-6082 |
| Checkers of the Quad Cities, Inc.    | Gervase, Steve                      | 1721 E. Locust                  | Davenport      | IA    | 52803 | (563) 322-1367 |
| Gopichand International, Inc.        | Thotakura, Syam and Geeta           | 439 N. Bolingbrook Rd           | Bolingbrook    | IL    | 60440 | (630) 226-1223 |
| FAD Foods, LLC                       | Ali, Farhana and Sauma, Alvaro      | 5451 S. Wentworth Avenue        | Chicago        | IL    | 60609 | (872) 244-8270 |
| FAD Foods, LLC                       | Ali, Farhana and Sauma, Alvaro      | 6705 Halsted St                 | Chicago        | IL    | 60621 | (872) 244-8585 |
| Mays8, Inc.                          | Patel, Paresh                       | 4700 135th St                   | Crestwood      | IL    | 60418 | (773) 573-5340 |
| Checkers of the Quad Cities, Inc.    | Gervase, Steve                      | 565 42nd Avenue                 | East Moline    | IL    | 61244 | (309) 752-1800 |
| HP Fresh Foods, Inc.                 | Patel, Hemant                       | 1137 Dundee Ave                 | Elgin          | IL    | 60120 | (224) 769-7109 |
| A&P 95th St., Inc.                   | Patel, Paresh                       | 2500 West 95th Street           | Evergreen Park | IL    | 60805 | (708) 595-7807 |
| Aby Mohamed, Individually (Joliet C) | Mohamed, Aby                        | 1805 W. Jefferson St.           | Joliet         | IL    | 60435 | (815) 630-4482 |
| Lansing QSR Inc.                     | Mohamed, Aby                        | 17701 S. Torrence Ave.          | Lansing        | IL    | 60438 | (708) 251-8130 |
| PJ Keller Food, Inc.                 | Chatha, Manjit                      | 1740 PJ Keller Hwy              | Lexington      | IL    | 61753 | (309) 365-3010 |
| Checkers of the Quad Cities, Inc.    | Gervase, Steve                      | 2929 18th Avenue                | Rock Island    | IL    | 61201 | (309) 786-7200 |
| Waukegan QSR, Inc.                   | Mohamed, Aby                        | 3035 Belvidere Rd.              | Waukegan       | IL    | 60085 | (847) 672-9478 |
| FAD Foods, LLC                       | Ali, Farhana and Sauma, Alvaro      | 3600 Broadway                   | Gary           | IN    | 46408 | (219) 455-6935 |
| Dun-Cour, LLC                        | Duncan, Jeremy                      | 3434 Lee Street                 | Alexandria     | LA    | 71302 | (318) 767-2128 |
| SR #3674, LLC                        | Patel, Deep                         | 10200 Sullivan Rd               | Baton Rouge    | LA    | 70818 | (225) 421-1590 |
| SR #3814, LLC                        | Patel, Deep                         | 4536 Plank Road                 | Baton Rouge    | LA    | 70805 | (225) 256-4001 |
| Dun-Cour, LLC                        | Duncan, Jeremy                      | 4637 Florida Boulevard          | Baton Rouge    | LA    | 70806 | (225) 256-4784 |
| SR #3891, LLC                        | Patel, Deep                         | 11650 Coursey Blvd              | Baton Rouge    | LA    | 70816 | (225) 930-5810 |
| SR #3716, LLC                        | Patel, Deep                         | 1928 Rees St                    | Breaux Bridge  | LA    | 70517 | (337) 442-1999 |
| MGFM, LLC                            | Moses, Jamarkus                     | 2687 S. Cabela's Parkway        | Gonzales       | LA    | 70737 | (225) 647-1003 |
| QSR OF ACADIANA, LLC                 | Duncan, Jeremy and Duncan, Veronica | 113 W Willow St                 | Lafayette      | LA    | 70501 | (337) 269-0646 |
| QSR OF ACADIANA, LLC                 | Duncan, Jeremy and Duncan, Veronica | 4414 Ambassador Caffery         | Lafayette      | LA    | 70508 | (337) 989-0083 |
| QSR OF ACADIANA, LLC                 | Duncan, Jeremy and Duncan, Veronica | 2448 W Congress St              | Lafayette      | LA    | 70506 | (337) 534-8401 |
| Checkerboard Restaurants VII, Inc.   | Sebastien, Scott M.                 | 2001 Country Club Rd            | Lake Charles   | LA    | 70605 | (337) 475-2310 |
| Checkerboard Restaurants, Inc.       | Sebastien, Scott M.                 | 521 E. Prien Lake Road          | Lake Charles   | LA    | 70601 | (337) 433-5030 |
| Checkerboard Restaurants II, Inc.    | Sebastien, Scott M.                 | 2601 Broad St                   | Lake Charles   | LA    | 70615 | (337) 436-2901 |

| Franchisee Name                                                                  | Contact                                             | Address                         | City             | State | Zip   | Phone          |
|----------------------------------------------------------------------------------|-----------------------------------------------------|---------------------------------|------------------|-------|-------|----------------|
| Teda Burgers, LLC                                                                | Dahal, Bal and Tejani, Aziz                         | 2000 Martin Luther King Jr. Dr. | Monroe           | LA    | 71202 | (318) 737-7241 |
| Teda Burgers, LLC                                                                | Dahal, Bal and Tejani, Aziz                         | 4320 Desiard St                 | Monroe           | LA    | 71203 | (318) 509-8125 |
| Moffett Foods, Inc. f/k/a Central Louisiana Management and Consulting Firm, Inc. | Moffett, Henry                                      | 1420 Texas Street               | Natchitoches     | LA    | 71457 | (318) 352-4380 |
| QSR OF ACADIANA, LLC                                                             | Duncan, Jeremy and Duncan, Veronica                 | 1100 Admiral Doyle              | New Iberia       | LA    | 70560 | (337) 365-1009 |
| Moffett Foods, Inc. f/k/a Central Louisiana Management and Consulting Firm, Inc. | Moffett, Henry                                      | 5755 Jewella Ave                | Shreveport       | LA    | 71109 | (318) 621-8880 |
| Moffett Foods, Inc. f/k/a Central Louisiana Management and Consulting Firm, Inc. | Moffett, Henry                                      | 3077 North Market St.           | Shreveport       | LA    | 71107 | (318) 222-8080 |
| Cajun Play, LLC                                                                  | Awan, Waqar (Vick) and Awan, Gul                    | 226 Cities Service S Hwy        | Sulphur          | LA    | 70663 | (337) 287-4113 |
| Cajun Play, LLC                                                                  | Awan, Gul                                           | 2044 S. Ruth Street             | Sulphur          | LA    | 70663 | (337) 527-0170 |
| JOPPA BCF, LLC                                                                   | Rizvi, Syed and Memon, Ali                          | 1915 East Joppa Drive           | Baltimore        | MD    | 21234 | (443) 495-2949 |
| R & R Frederick, LLC                                                             | Kalotra, Rakesh and Singh, Rajesh                   | 2351 Frederick Ave              | Baltimore        | MD    | 21223 | (410) 233-9100 |
| Rosedale BCF, LLC                                                                | Rizvi, Syed and Memon, Ali                          | 6210 Rossville Blvd.            | Baltimore        | MD    | 21237 | (443) 969-4755 |
| Eastpoint BCF, LLC                                                               | Rizvi, Syed and Memon, Ali                          | 7925 Eastern Avenue             | Baltimore        | MD    | 21224 | (443) 503-6103 |
| R & R Reisterstown, LLC                                                          | Kalotra, Rakesh and Singh, Rajesh                   | 6660 Reisterstown Road          | Baltimore        | MD    | 21215 | (410) 358-3405 |
| JFZ Enterprise Inc.                                                              | Raza, Shahid and Fawad, Ahmed                       | 5300 Moravia Rd.                | Baltimore        | MD    | 21206 | (410) 488-5318 |
| Maryland Food, LLC                                                               | Bastola, Sudhir                                     | 11700 Reisterstown Rd           | Baltimore        | MD    | 21136 | (443) 273-3047 |
| SBA Management, LLC                                                              | Rizvi, Syed and Memon, Ali                          | 6051 Greenbelt Road             | Berwyn Heights   | MD    | 20740 | (240) 553-7994 |
| SBA Management, LLC                                                              | Rizvi, Syed and Memon, Ali                          | 4850 Annapolis Road             | Bladensburg      | MD    | 20710 | (240) 770-3624 |
| Brandywine BCF, LLC                                                              | Rizvi, Syed and Memon, Ali                          | 7511 Clymer Dr                  | Brandywine       | MD    | 20613 | (240) 681-3169 |
| California BCF, LLC                                                              | Rizvi, Syed and Memon, Ali                          | 45500 Miramar Way               | California       | MD    | 20619 | (301) 737-4000 |
| R & R Allentown, LLC                                                             | Kalotra, Rakesh and Singh, Rajesh                   | 4827 Allentown Road             | Camp Springs     | MD    | 20746 | (301) 736-4179 |
| Maryland Drive-Thru, LLC                                                         | Smith, Jay                                          | 9005 Central Avenue             | Capitol Heights  | MD    | 20743 | (301) 808-6226 |
| Mar-Chek, Inc.                                                                   | Martin, Keith A.                                    | 5705 Baltimore National Pike    | Catonsville      | MD    | 21228 | (410) 744-5528 |
| FSR MD Group, Inc.                                                               | Raza, Shahid                                        | 8815 Woodyard Road              | Clinton          | MD    | 20735 | (301) 856-5445 |
| Crofton BCF, LLC                                                                 | Rizvi, Syed and Memon, Ali                          | 1645 Crofton Centre             | Crofton          | MD    | 21114 | (443) 292-4160 |
| R & R Marlboro, LLC                                                              | Kalotra, Rakesh and Singh, Rajesh                   | 6401 Marlboro Pike              | District Heights | MD    | 20747 | (240) 830-2832 |
| Edgewood BCF, LLC                                                                | Rizvi, Syed and Memon, Ali                          | 1926 Pulaski Highway            | Edgewood         | MD    | 21040 | (443) 922-9049 |
| Mar-Chek III, Inc.                                                               | Martin, Keith A.                                    | 9447 Baltimore National Pike    | Ellicott City    | MD    | 21042 | (410) 480-0945 |
| FSR MD Corp                                                                      | Fawad, Ahmed                                        | 5731 Buckeystown Pike           | Frederick        | MD    | 21704 | (301) 682-9731 |
| FSR MD Group, Inc.                                                               | Raza, Shahid                                        | 16171 Shady Grove Road          | Gaithersburg     | MD    | 20877 | (301) 519-2480 |
| R&R Gaithersburg, LLC f/k/a HR Foods Maryland LLC                                | Kalotra, Rakesh and Singh, Rajesh                   | 8019 Snouffer School Rd         | Gaithersburg     | MD    | 20879 | (240) 477-5319 |
| Mar-Chek, Inc.                                                                   | Martin, Keith A.                                    | 1417 N. Crain Hwy.              | Glen Burnie      | MD    | 21061 | (410) 761-3830 |
| Hagerstown Drive In, Inc.                                                        | Malik, Mishbah, Ahmad, Mahmood, and Cheema, Mushtaq | 1720 Dual Hwy                   | Hagerstown       | MD    | 21740 | (301) 797-7711 |
| SBA Management, LLC                                                              | Rizvi, Syed and Memon, Ali                          | 3032 Queen's Chapel Road        | Hyattsville      | MD    | 20782 | (240) 667-2919 |
| Asian Bros LLC                                                                   | Kotak, Dharmesh                                     | 1055 National Highway           | La Vale          | MD    | 21502 | (301) 533-8982 |
| R & R Landover, LLC                                                              | Kalotra, Rakesh and Singh, Rajesh                   | 7415 Landover Road              | Landover         | MD    | 20785 | (301) 583-0760 |
| Mar-Chek, Inc.                                                                   | Martin, Keith A.                                    | 14411 Baltimore Avenue          | Laurel           | MD    | 20707 | (240) 636-5143 |
| Lexington BCF, LLC                                                               | Rizvi, Syed and Memon, Ali                          | 21656 Great Mills Road          | Lexington Park   | MD    | 20653 | (301) 866-1888 |
| Mar-Chek, Inc.                                                                   | Martin, Keith A.                                    | 6899 Baltimore-Annapolis Blvd.  | Linthicum        | MD    | 21090 | (410) 789-5326 |
| R & R Barnabas, LLC                                                              | Kalotra, Rakesh and Singh, Rajesh                   | 4335 St. Barnabas Road          | Marlow Heights   | MD    | 20748 | (301) 423-9312 |
| FSR MD Corp                                                                      | Fawad, Ahmed                                        | 6041 Oxon Hill Road             | Oxon Hill        | MD    | 20745 | (301) 749-8031 |
| Mar-Chek, Inc.                                                                   | Martin, Keith A.                                    | 8538 Liberty Road               | Randallstown     | MD    | 21133 | (410) 521-1137 |
| Waldorf BCF, LLC                                                                 | Rizvi, Syed and Memon, Ali                          | 3002 Leonard Town Road          | Waldorf          | MD    | 20601 | (240) 448-3905 |
| I.B. Corp.                                                                       | Balen, Alan                                         | 1600 W Columbia Ave             | Battle Creek     | MI    | 49015 | (269) 964-4340 |
| Dakota Restaurants, Inc.                                                         | Sawchuk, Steve                                      | 201 Crooks Road                 | Clawson          | MI    | 48017 | (248) 435-0355 |

| Franchisee Name                   | Contact                                | Address                              | City              | State | Zip   | Phone          |
|-----------------------------------|----------------------------------------|--------------------------------------|-------------------|-------|-------|----------------|
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 35105 Harper Ave.                    | Clinton Township  | MI    | 48035 | (586) 948-8742 |
| Caliwan, LLC                      | Sarmiento, Nathan and Caliwan, Marilen | 4850 S. Telegraph Road               | Dearborn Heights  | MI    | 48125 | (313) 291-1260 |
| Shemna, LLC                       | Pare, Gina                             | 8675 N. Telegraph                    | Dearborn Heights  | MI    | 48127 | (313) 563-1699 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 19801 West 8 Mile Road               | Detroit           | MI    | 48219 | (313) 362-2555 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 10711 W 7 Mile                       | Detroit           | MI    | 48221 | (313) 341-2445 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 17620 Grand River Ave                | Detroit           | MI    | 48227 | (313) 270-2199 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 16511 Harper Ave.                    | Detroit           | MI    | 48224 | (313) 647-4262 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 6060 West Vernor Hwy                 | Detroit           | MI    | 48209 | (313) 749-7580 |
| Jasan Enterprises, LLC            | Chand, Sanjiv                          | 14858 E. 8 Mile Rd                   | Detroit           | MI    | 48205 | (313) 469-1042 |
| Burger Spot Michigan LLC          | Patel, Harshil and Samarth             | 31335 Ford Road                      | Garden City       | MI    | 48135 | (734) 743-3120 |
| JASAM QSR Enterprises LLC         | Chand, Sanjiv                          | 1131 Michigan Street                 | Grand Rapids      | MI    | 49503 | (616) 458-9191 |
| JASAM QSR Enterprises LLC         | Chand, Sanjiv                          | 461 28th Street                      | Grand Rapids      | MI    | 49507 | (616) 452-9191 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 8917 Joseph Campau                   | Hamtramck         | MI    | 48212 | (313) 875-5904 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 300 E 9 Mile Road                    | Hazel Park        | MI    | 48030 | (248) 542-5607 |
| I.B. Corp.                        | Balen, Alan                            | 575 E. Michigan Ave.                 | Kalamazoo         | MI    | 49007 | (269) 343-6995 |
| I.B. Corp.                        | Balen, Alan                            | 1560 S Drake Rd                      | Kalamazoo         | MI    | 49006 | (269) 544-0554 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 880 S. Main Street                   | Lapeer            | MI    | 48446 | (810) 664-3511 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 2250 Dix Road                        | Lincoln Park      | MI    | 48146 | (313) 383-9206 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 1450 E. 12 Mile Road                 | Madison Heights   | MI    | 48071 | (248) 546-5103 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 808 N Telegraph Road                 | Monroe            | MI    | 48162 | (734) 457-5468 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 1785 Creston Street                  | Muskegon          | MI    | 49442 | (231) 773-6540 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 780 N Perry St                       | Pontiac           | MI    | 48342 | (248) 338-7720 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 25800 Grand River                    | Redford Township  | MI    | 48240 | (313) 535-8674 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 27951 Gratiot Ave                    | Roseville         | MI    | 48066 | (586) 774-5078 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 26715 Eureka Road                    | Taylor            | MI    | 48180 | (734) 941-4778 |
| Jasam Enterprises, LLC            | Chand, Sanjiv                          | 4349 Highland Rd                     | Waterford         | MI    | 48328 | (248) 499-8623 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 2220 S Wayne Rd                      | Westland          | MI    | 48186 | (734) 326-5740 |
| SarmientoN, LLC                   | Sarmiento, Nathan and Caliwan, Marilen | 23392 Allen Rd                       | Woodhaven         | MI    | 48183 | (734) 675-2955 |
| Dakota Restaurants, Inc.          | Sawchuk, Steve                         | 2291 Fort Street                     | Wyandotte         | MI    | 48192 | (734) 282-3341 |
| JASAM QSR Enterprises LLC         | Chand, Sanjiv                          | 1325 28th St. SW                     | Wyoming           | MI    | 49509 | (616) 719-0765 |
| Global Midsouth Corp              | Turner, William and Turner, Sedrick    | 901 N 2nd St.                        | Booneville        | MS    | 38829 | (662) 340-1048 |
| Global Midsouth Corp              | Turner, William and Turner, Sedrick    | 806 Hwy 72 (Lee Hwy)                 | Corinth           | MS    | 38834 | (662) 331-5100 |
| Global Midsouth Corp              | Turner, William and Turner, Sedrick    | 730 E Madison St                     | Houston           | MS    | 38851 | (662) 567-5422 |
| Coastal Express, Inc.             | West, Richard                          | 1925 Highway 15 North                | Laurel            | MS    | 39440 | (601) 425-1380 |
| Global Midsouth Corp              | Turner, William and Turner, Sedrick    | 1927 Jackson Ave West                | Oxford            | MS    | 38655 | (662) 380-5164 |
| Global Midsouth Corp              | Turner, William and Turner, Sedrick    | 825 City Avenue South                | Ripley            | MS    | 38663 | (662) 993-8222 |
| Global Midsouth Corp              | Turner, William and Turner, Sedrick    | 509 South Gloster                    | Tupelo            | MS    | 38801 | (662) 260-5071 |
| Bookman Commercial Holdings, LLC  | Bookman, Dobbin                        | 2520 Fayetteville St                 | Durham            | NC    | 27707 | (919) 908-9792 |
| Bookman Commercial Holdings, LLC  | Bookman, Dobbin                        | 703 S.E. Greenville Blvd., Suite #23 | Greenville        | NC    | 27858 | (252) 321-6779 |
| Reel Food, LLC                    | Gillie, Scott and Rosalind             | 1304 2nd Street NE                   | Hickory           | NC    | 28601 | (828) 578-6075 |
| Coastal Carolina Food Corporation | Duffy, Ron                             | 643 N. Marine Blvd.                  | Jacksonville      | NC    | 28540 | (910) 346-8197 |
| Bookman Commercial Holdings, LLC  | Bookman, Dobbin                        | 149 S Bragg Blvd.                    | Spring Lake       | NC    | 28390 | (910) 436-1134 |
| Bookman Commercial Holdings, LLC  | Bookman, Dobbin                        | 1901 Oleander Dr                     | Wilmington        | NC    | 28403 | (910) 251-7856 |
| Ishan and Om Inc.                 | Patel, Kamlesh                         | 5226 Sigmon Road                     | Wilmington        | NC    | 28403 | (910) 392-8299 |
| Camden Burger, LLC                | Goswami, Dinesh                        | 2881 Mount Ephraim Rd                | Camden            | NJ    | 8104  | (856) 408-3150 |
| Metro Burger, LLC                 | Force, Staci and Keehn Jr, Bruce       | 360 Central Avenue                   | East Orange       | NJ    | 7018  | (973) 677-7575 |
| Rai Enterprises, Inc.             | Rahmani, Maliha and Rai, Jujhar        | 701 North Delsea Drive               | Glassboro         | NJ    | 8028  | (856) 270-2442 |
| Winter Leaf of Trenton, LLC       | Patel, Jimmy                           | 3100 Quakerbridge Rd., Suite 31      | Hamilton Township | NJ    | 8619  | (732) 579-1054 |



| Franchisee Name                                              | Contact                                         | Address                   | City                | State | Zip   | Phone          |
|--------------------------------------------------------------|-------------------------------------------------|---------------------------|---------------------|-------|-------|----------------|
| Metro Burger, LLC                                            | Force, Staci and Keehn Jr, Bruce                | 823 Communipaw Avenue     | Jersey City         | NJ    | 7304  | (201) 413-5458 |
| Linden Fast Food, LLC                                        | Force, Staci and Keehn Jr, Bruce                | 901 W. Edgar Road         | Linden              | NJ    | 7036  | (908) 474-0363 |
| Metro Burger, LLC                                            | Force, Staci and Keehn Jr, Bruce                | 111 Hartford Street       | Newark              | NJ    | 7103  | (973) 877-3026 |
| Metro Burger, LLC                                            | Force, Staci and Keehn Jr, Bruce                | 283 Market Street         | Paterson            | NJ    | 7501  | (973) 357-0102 |
| Metro Burger, LLC                                            | Force, Staci and Keehn Jr, Bruce                | 220 W. Broadway           | Paterson            | NJ    | 7522  | (973) 389-1850 |
| Winter Leaf NJ, LLC                                          | Patel, Jimmy                                    | 6720 South Crescent Blvd. | Pennsauken Township | NJ    | 8109  | (856) 382-7917 |
| Metro Burger, LLC                                            | Force, Staci and Keehn Jr, Bruce                | 140 Route 37 East         | Toms River          | NJ    | 8753  | (732) 736-8200 |
| HKHR Enterprises, LLC                                        | Gupta, Atul and Joshi, Raju                     | 1840 Grand Ave.           | Baldwin             | NY    | 11510 | (516) 868-4546 |
| Uni Brentwood, LLC                                           | Singh, Manjit and Josan, Paramjit               | 1825 Brentwood Rd.        | Brentwood           | NY    | 11717 | (631) 291-9417 |
| Burgerlicious III, Inc.                                      | Ghei, Vijay                                     | 379 East Fordham Rd       | Bronx               | NY    | 10458 | (347) 270-5664 |
| BC55, LLC                                                    | Sengupta, Chandan and Bishwajit                 | 260 East 161st Street     | Bronx               | NY    | 10451 | (718) 585-7777 |
| Burgerlicious, Inc.                                          | Ghei, Vijay                                     | 1203 Jerome Ave.          | Bronx               | NY    | 10452 | (917) 891-6060 |
| Raza, Shahid & Fawad, Ahmed                                  | Raza, Shahid and Fawad, Ahmed                   | 771 E. Gunn Hill Rd.      | Bronx               | NY    | 10467 | (718) 881-1179 |
| Penn Burgers, LLC                                            | Josan, Paramjit                                 | 797 Pennsylvania Ave      | Brooklyn            | NY    | 11207 | (917) 893-9000 |
| 1128 Myrtle Ave Food Corp                                    | Nasary Bari, Nasary, Mrwyse, and Nasary, Sajaad | 1130 Myrtle Ave.          | Brooklyn            | NY    | 11206 | (347) 789-4250 |
| Church Burger, LLC                                           | Farr, Zeyad and Hajahmed, Khaled                | 1801 Church Ave           | Brooklyn            | NY    | 11226 | (347) 955-4360 |
| UCG Ventures 2, LLC                                          | Nowak, Bill and Gentry, Gail                    | 1969 Elmwood Ave          | Buffalo             | NY    | 14207 | (716) 262-2047 |
| UCG Ventures 4, LLC                                          | Nowak, Bill and Gentry, Gail                    | 2665 Bailey Ave.          | Buffalo             | NY    | 14215 | (716) 262-2216 |
| Uni Islip, LLC                                               | Singh, Manjit and Josan, Paramjit               | 7 W Suffolk Ave           | Central Islip       | NY    | 11722 | (631) 320-2690 |
| Bill Nowak and Gail Gentry, Individually (UCG Ventures, LLC) | Nowak, Bill and Gentry, Gail                    | 2563 Union Road           | Cheektowaga         | NY    | 14227 | (716) 262-2165 |
| HKHR East Meadow, LLC                                        | Gupta, Atul and Joshi, Raju                     | 2430 Hempsted Turnpike    | East Meadow         | NY    | 11554 | (516) 731-5007 |
| HKHR Jar Enterprises, LLC                                    | Gupta, Atul and Joshi, Raju                     | 600 Hempstead Turnpike    | Elmont              | NY    | 11003 | (516) 326-6859 |
| HKHR Jar Enterprises, LLC                                    | Gupta, Atul and Joshi, Raju                     | 461 Fulton Avenue         | Hempstead           | NY    | 11550 | (516) 565-2906 |
| First Island Burgers, LLC                                    | Josan, Paramjit                                 | 1680 New York Avenue      | Huntington Station  | NY    | 11746 | (631) 923-1660 |
| Parsons QSR, LLC                                             | Valencia, Rod                                   | 8345 Parsons Blvd.        | Jamaica             | NY    | 11432 | (718) 291-4738 |
| Prem Hillside, Inc.                                          | Singh, Manjit and Singh, Bhupinder              | 181-24 Hillside Ave       | Jamaica             | NY    | 11432 | (929) 335-0272 |
| United LI Group, LLC                                         | Singh, Manjit and Josan, Paramjit               | 258 Portion Road          | Lake Ronkonkoma     | NY    | 11779 | (631) 285-2541 |
| Queens Plaza South QSR, LLC                                  | Valencia, Rod                                   | 2712 Queens Plaza South   | Long Island City    | NY    | 11101 | (718) 392-4252 |
| SK63, Inc.                                                   | Saleem, Muhammad and Moughal, Kelly             | 695 Saint Nicholas Ave    | New York            | NY    | 10030 | (212) 234-7067 |
| SK125, Inc.                                                  | Saleem, Muhammad and Moughal, Kelly             | 79 W. 125th St.           | New York            | NY    | 10027 | (212) 837-1500 |
| M&M Burgers, Inc.                                            | Ahmed, Muhktar                                  | 530 Willis Ave            | New York            | NY    | 10455 | (347) 862-0367 |
| Murala Liberty, Inc.                                         | Singh, Manjit and Singh, Bhupinder              | 120-06 Liberty Ave        | Richmond Hill       | NY    | 11419 | (718) 848-4400 |
| Sunrise Burgers, LLC                                         | Josan, Paramjit                                 | 139-33 245th St.          | Rosedale Village    | NY    | 11422 | (347) 426-9878 |
| BPS-Merrick, Inc.                                            | Singh, Manjit and Singh, Bhupinder              | 122-21 Merrick Blvd       | St. Albans          | NY    | 11434 | (718) 712-2420 |
| UCG Ventures 3, LLC                                          | Nowak, Bill and Gentry, Gail                    | 2374 Niagara Falls Blvd.  | Tonawanda           | NY    | 14150 | (716) 262-2046 |
| HKHR Jar Enterprises, LLC                                    | Gupta, Atul and Joshi, Raju                     | 635 Old Country Road      | Westbury            | NY    | 11590 | (516) 333-7992 |
| Arar Foods, LLC                                              | Patel, Milin                                    | 399 Bristol Pike          | Croydon             | PA    | 19021 | (267) 554-7139 |
| Donald Zeigler, an individual                                | Zeigler, Donald                                 | 4315 N. George St.        | Manchester          | PA    | 17345 | (717) 978-5371 |
| Hunting Park Burger, LLC                                     | Goswami, Dinesh                                 | 2729 W Hunting Park Ave   | Philadelphia        | PA    | 19129 | (215) 494-1020 |
| Roosevelt Blvd Burgers, LLC                                  | Goswami, Dinesh                                 | 9173 Roosevelt Boulevard  | Philadelphia        | PA    | 19114 | (215) 552-2471 |
| ARGRP Burgers                                                | Goswami, Dinesh                                 | 4813-23 Lancaster Ave     | Philadelphia        | PA    | 19131 | (215) 921-6304 |
| ARGRP Burgers                                                | Goswami, Dinesh                                 | 232 W Lehigh Ave          | Philadelphia        | PA    | 19133 | (215) 575-5038 |
| ARGRP Burgers                                                | Goswami, Dinesh                                 | 7115 Stenton Ave          | Philadelphia        | PA    | 19138 | (267) 766-6675 |
| MAA Umiya Foods, LLC                                         | Patel, Jiger                                    | 3500 Aramingo Ave.        | Philadelphia        | PA    | 19134 | (267) 538-6481 |
| All American QSR, LLC                                        | Pandya, Ketan and Ali, Ramsey                   | 1846 Remount Road         | Charleston          | SC    | 29406 | (843) 740-9166 |

| Franchisee Name                     | Contact                             | Address                      | City             | State | Zip   | Phone          |
|-------------------------------------|-------------------------------------|------------------------------|------------------|-------|-------|----------------|
| All American QSR, LLC               | Pandya, Ketan and Ali, Ramsey       | 3690 Ashley Phosphate Rd. N. | Charleston       | SC    | 29420 | (843) 793-4406 |
| All American QSR, LLC               | Pandya, Ketan and Ali, Ramsey       | 7373 Two Notch Rd            | Columbia         | SC    | 29223 | (803) 667-9846 |
| All American QSR, LLC               | Pandya, Ketan and Ali, Ramsey       | 901 Bush River Rd            | Columbia         | SC    | 29210 | (803) 888-6028 |
| Q5 Investments, LLC                 | Gillie, Scott and Burger, Jason     | 2110 W. Palmetto Street      | Florence         | SC    | 29501 | (843) 292-0100 |
| FalconsBurger, LLC                  | Charania, Shamsuddin                | 4299 Dorchester Rd.          | North Charleston | SC    | 29405 | (843) 744-4469 |
| All American QSR, LLC               | Pandya, Ketan and Ali, Ramsey       | 601 N. Main St.              | Summerville      | SC    | 29483 | (843) 285-5733 |
| Bayshore Development, Inc.          | Roberts, Larry                      | 920 25th Street NW           | Cleveland        | TN    | 37311 | (423) 473-0293 |
| HAMBURGI NASHVILLE, LLC             | Rezi, Mike                          | 446 N. Willow Ave.           | Cookeville       | TN    | 38501 | (931) 559-0026 |
| Bayshore Development, Inc.          | Roberts, Larry                      | 4348 Ringgold Road           | East Ridge       | TN    | 37412 | (423) 622-7120 |
| HAMBURGI NASHVILLE, LLC             | Rezi, Mike                          | 930 Rivergate Parkway        | Goodlettsville   | TN    | 37072 | (615) 239-3548 |
| Global Midsouth Holding Corp.       | Turner, William and Turner, Sedrick | 620 Carriage House Drive     | Jackson          | TN    | 38305 | (731) 300-3900 |
| Fast Fries, LLC                     | Kizer, Bill                         | 700 E. Emory Rd              | Knoxville        | TN    | 37849 | (865) 381-1236 |
| Fast Fries, LLC                     | Kizer, Bill                         | 4100 Chapman Hwy             | Knoxville        | TN    | 37920 | (865) 415-2753 |
| FAD Foods, LLC                      | Ali, Farhana and Sauma, Alvaro      | 6990 E. Shelby Dr.           | Memphis          | TN    | 38125 | (901) 410-8242 |
| FAD Foods, LLC                      | Ali, Farhana and Sauma, Alvaro      | 6000 Mount Moriah Road       | Memphis          | TN    | 38115 | (901) 797-8455 |
| FAD Foods, LLC                      | Ali, Farhana and Sauma, Alvaro      | 3680 Lamar Ave.              | Memphis          | TN    | 38118 | (901) 433-9480 |
| FAD Foods, LLC                      | Ali, Farhana and Sauma, Alvaro      | 631 S. Bellevue              | Memphis          | TN    | 38104 | (901) 722-9090 |
| FAD Foods, LLC                      | Ali, Farhana and Sauma, Alvaro      | 434 E Eh Crump Blvd          | Memphis          | TN    | 38126 | (901) 774-4812 |
| HAMBURGI NASHVILLE, LLC             | Rezi, Mike                          | 829 N.W. Broad Street        | Murfreesboro     | TN    | 37129 | (615) 605-7655 |
| HAMBURGI NASHVILLE, LLC             | Rezi, Mike                          | 3232 Clarksville Pike        | Nashville        | TN    | 37218 | (615) 573-7684 |
| Sunstar Food, Inc.                  | Momin, Lem                          | 8457 State Hwy 90 N.         | Anderson         | TX    | 77830 | (936) 510-8024 |
| Sunstar Food Inc.                   | Momin, Lem                          | 16160 Interstate 10 E        | Baytown          | TX    | 77523 | (346) 241-0040 |
| Sunstar Food, Inc.                  | Momin, Lem                          | 6199 Decker Dr.              | Baytown          | TX    | 77520 | (281) 837-7049 |
| ALAMS QSR, Inc.                     | Alam, Khandaker                     | 8204 Garth Rd.               | Baytown          | TX    | 77521 | (281) 657-4497 |
| Checkerboard Restaurants VIII, Inc. | Sebastien, Scott M.                 | 4215 E. Lucas Dr             | Beaumont         | TX    | 77708 | (409) 333-1465 |
| Checkerboard Restaurants II, Inc.   | Sebastien, Scott M.                 | 490 N. 11th Street           | Beaumont         | TX    | 77702 | (409) 833-6365 |
| Sunstar Food, Inc.                  | Momin, Lem                          | 950 W. St. Mary's St.        | Centerville      | TX    | 75833 | (903) 536-1170 |
| Fine Gourmet, LLC                   | Maknojia, Mahendi                   | 18703 FM 2100 Rd Suite A     | Crosby           | TX    | 77532 | (281) 462-7753 |
| Fine Gourmet, LLC                   | Maknojia, Mahendi                   | 210 Hwy 90                   | Devers           | TX    | 77538 | (936) 549-7008 |
| Sunstar Food, Inc.                  | Momin, Lem                          | 15710 Ella Blvd.             | Houston          | TX    | 77090 | (832) 286-4506 |
| Alam's QSR, Inc.                    | Alam, Khandaker                     | 121 Remington Valley Drive   | Houston          | TX    | 77073 | (281) 982-3259 |
| NextGen Foods, Inc.                 | Panjwani, Sam                       | 6001 Mount Houston Rd        | Houston          | TX    | 77050 | (281) 416-4100 |
| Haya Enterprises                    | Virani, Aqeel                       | 10855 Jones Road             | Houston          | TX    | 77065 | (281) 653-9074 |
| Fine Gourmet, LLC                   | Maknojia, Mahendi                   | 29625 Highway Boulevard      | Katy             | TX    | 77494 | (281) 574-6696 |
| Fine Gourmet, LLC                   | Maknojia, Mahendi                   | 35 Highway 105               | Moss Hill        | TX    | 77575 | (936) 298-1344 |
| Checkerboard Restaurants III, Inc.  | Sebastien, Scott M.                 | 1132 Nederland Ave           | Nederland        | TX    | 77627 | (409) 344-9062 |
| Fine Gourmet, LLC                   | Maknojia, Mahendi                   | 35515 US-290 BUS             | Waller           | TX    | 77484 | (936) 372-8026 |
| Fredericksburg BCF, LLC             | Rizvi, Syed and Memon, Ali          | 3901 Plank Road              | Fredericksburg   | VA    | 22407 | (540) 412-1626 |
| RHA&S Enterprises, Inc.             | Ahmed, Mahmood and Maqsood          | 6530 Trading Square          | Haymarket        | VA    | 20169 | (703) 754-6241 |
| R & R Enterprise, LLC               | Kalotra, Rakesh and Singh, Rajesh   | 9540 Liberia Avenue          | Manassas         | VA    | 20110 | (571) 229-9436 |
| Mar-Chek, Inc.                      | Martin, Keith A.                    | 7550 Broken Branch Lane      | Manassas         | VA    | 20109 | (703) 335-0084 |
| Mar-Chek II, Inc.                   | Martin, Keith A.                    | 1920 Daniel Stuart Square    | Woodbridge       | VA    | 22191 | (703) 492-6663 |
| Pondview Properties SD, LLC         | Akram, Anis                         | 65 Market St                 | Zion Crossroads  | VA    | 22942 | (434) 373-7802 |
| MKE Burgers, Inc.                   | Patel, Sanjay and Roepsch, Thomas   | 7525 W Capitol Dr            | Milwaukee        | WI    | 53216 | (414) 536-5550 |
| MKE Burgers, Inc.                   | Patel, Sanjay and Roepsch, Thomas   | 1205 W. North Avenue         | Milwaukee        | WI    | 53205 | (414) 263-1717 |
| MKE Burgers, Inc.                   | Patel, Sanjay and Roepsch, Thomas   | 3431 W. Fond du Lac Avenue   | Milwaukee        | WI    | 53210 | (414) 444-6774 |
| MKE Burgers, Inc.                   | Patel, Sanjay and Roepsch, Thomas   | 11013 W. Greenfield Ave      | West Allis       | WI    | 53214 | (414) 943-9244 |
| AMB Checks, LLC                     | Brooks, Andrew                      | 1840 8th Street South        | Wisconsin Rapids | WI    | 54494 | (715) 421-5140 |
| R & R Management, LLC               | Hively, Richard                     | 4110 1st Avenue              | Nitro            | WV    | 25143 | (304) 755-3505 |

## Franchise Agreement Signed but Restaurant Not Yet Open as of 12/29/25

| Franchisee Name         | Contact                             | Address                | City            | State | Zip   | Phone          |
|-------------------------|-------------------------------------|------------------------|-----------------|-------|-------|----------------|
| N/A                     | Mohamed, Aby                        | 1555 West Division St  | Chicago         | IL    | 60642 | (815) 630-4482 |
| N/A                     | Farr, Zeyad                         | 1581 Myrtle Ave        | Brooklyn        | NY    | 11237 | (347) 955-4360 |
| United LI Group, LLC    | Singh, Manjit and Josan, Paramjit   | 1115 Middle Country Rd | Selden          | NY    | 11784 | (631) 846-3470 |
| N/A                     | Grewel, Gary                        | 2719 Ft Campbell Blvd  | Clarksville     | TN    | 37042 | (631) 320-2690 |
| Global Midsouth Corp    | Turner, William and Turner, Sedrick | 3935 Park Ave.         | Memphis         | TN    | 38111 | (731) 300-3900 |
| Pondview Properties LLC | Akrim, Anis                         | 65 Market Street       | Zion Crossroads | VA    | 22942 | (434) 373-7802 |

The following table lists all Rally's Restaurant franchisees as of December 29, 2025:

| Franchisee Name                 | Contact                                  | Address                    | City          | State | Zip   | Phone          |
|---------------------------------|------------------------------------------|----------------------------|---------------|-------|-------|----------------|
| Global Midsouth Holding, Inc.   | Turner, William and Turner, Sedrick      | 86 Weibel Drive            | Midfield      | AL    | 35228 | (205) 490-6966 |
| Triple B Burgers CG, LLC        | Ledbetter, Bryan                         | 405 E Florence Blvd        | Casa Grande   | AZ    | 85122 | (520) 635-5273 |
| KGR 7890 Ops, LLC               | Ramchandani, Gautam and Gallagher, Keith | 12239 W Thunderbird Rd     | El Mirage     | AZ    | 85335 | (602) 374-2890 |
| Ong's AZ Enterprises, LLC       | Ong, Quy Bruce                           | 343 West McKellips Road    | Mesa          | AZ    | 85201 | (480) 835-8857 |
| Sun Food Concepts, LLC          | Leung, Daniel                            | 403 N Greenfield Rd        | Mesa          | AZ    | 85205 | (480) 590-7149 |
| Ong's AZ Enterprises, LLC       | Ong, Quy Bruce                           | 1345 West Camelback Rd.    | Phoenix       | AZ    | 85013 | (602) 675-2255 |
| Sun Food Concepts, LLC          | Leung, Daniel                            | 1935 W Northern Ave        | Phoenix       | AZ    | 85021 | (623) 401-9330 |
| KGR 7890 Ops, LLC               | Ramchandani, Gautam and Gallagher, Keith | 7890 W Thomas Rd           | Phoenix       | AZ    | 85033 | (623) 249-6615 |
| Sun Food Concepts, LLC          | Leung, Daniel                            | 617 West Bell Road         | Phoenix       | AZ    | 85023 | (602) 942-2930 |
| Ong's AZ Enterprises, LLC       | Ong, Quy Bruce                           | 1410 West University       | Tempe         | AZ    | 85281 | (480) 968-6434 |
| Barrios Foods, Inc.             | Barrios, Jr., Robert                     | 2380 S 4th Ave             | Yuma          | AZ    | 85364 | (928) 782-7380 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 3009 Calloway Drive        | Bakersfield   | CA    | 93312 | (661) 829-1657 |
| FMSRS, Inc.                     | Hashim, Malik                            | 4345 Maine Ave.            | Baldwin Park  | CA    | 91706 | (626) 426-4004 |
| Barrios Foods, Inc.             | Barrios, Jr., Robert                     | 200 E. Cole Road           | Calexico      | CA    | 92231 | (760) 357-8205 |
| Ong's Restaurant Group, Inc.    | Ong, Quy Bruce                           | 1004 3rd Avenue            | Chula Vista   | CA    | 91911 | (619) 476-8780 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 280 W. Ashlan Avenue       | Clovis        | CA    | 93612 | (559) 291-1276 |
| Barrios Foods, Inc.             | Barrios, Jr., Robert                     | 1261 East Main Street      | El Cajon      | CA    | 92021 | (619) 444-3496 |
| Barrios Foods, Inc.             | Barrios, Jr., Robert                     | 1820 North Imperial Ave    | El Centro     | CA    | 92243 | (760) 482-5428 |
| Barrios Foods, Inc.             | Barrios, Jr., Robert                     | 1157 East Valley Parkway   | Escondido     | CA    | 92025 | (760) 432-0323 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 1345 Fresno Street         | Fresno        | CA    | 93706 | (559) 264-2262 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 1034 E. Bullard Avenue     | Fresno        | CA    | 93710 | (559) 261-9472 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 4818 E. Cesar Chavez Blvd. | Fresno        | CA    | 93727 | (559) 456-0271 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 4020 W Shaw Ave            | Fresno        | CA    | 93722 | (559) 271-2986 |
| MZ Burgers, Inc.                | Delawalla, Farida and Noorali            | 14306 Crenshaw Blvd.       | Gardena       | CA    | 90249 | (310) 527-2238 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 1706 W. Lacy Avenue        | Hanford       | CA    | 93230 | (559) 583-1907 |
| Elite Restaurant Concepts, Inc. | Delawalla, Farida and Noorali            | 12812 S. Hawthorne Blvd.   | Hawthorne     | CA    | 90250 | (310) 219-0013 |
| PRM Investments, LLC            | Hashim, Aziz and Hashim, Fatima          | 8500 Crenshaw              | Inglewood     | CA    | 90305 | (323) 753-5033 |
| MZ Burgers, Inc.                | Delawalla, Farida and Noorali            | 3490 East Artesia          | Long Beach    | CA    | 90805 | (562) 422-6663 |
| MZ Burgers, Inc.                | Delawalla, Farida and Noorali            | 2001 E. Pacific Coast Hwy. | Long Beach    | CA    | 90804 | (562) 434-6536 |
| PRM Investments, LLC            | Hashim, Aziz and Hashim, Fatima          | 7207 S. Avalon             | Los Angeles   | CA    | 90003 | (323) 751-5839 |
| Elite Restaurant Concepts, Inc. | Delawalla, Farida and Noorali            | 3650 MLK Blvd.             | Los Angeles   | CA    | 90008 | (323) 299-8510 |
| F&M Restaurants Inc.            | Gomez, Javier                            | 1330 E Pacheco Blvd        | Los Banos     | CA    | 93635 | (209) 826-1946 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 2310 West Cleveland        | Madera        | CA    | 93637 | (559) 662-1377 |
| Merced Petroleum                | Sidhu, Satwinder                         | 3105 N Highway 59          | Merced        | CA    | 95348 | (209) 436-1782 |
| NNPB Corporation                | Munagala, Dr. Bhaskara (Reddy)           | 12721 Moreno Beach Dr      | Moreno Valley | CA    | 92555 | (951) 485-4452 |
| Elite Restaurant Concepts, Inc. | Delawalla, Farida and Noorali            | 11750 Imperial Highway     | Norwalk       | CA    | 90650 | (562) 807-0036 |
| Elite Restaurant Concepts, Inc. | Delawalla, Farida and Noorali            | 504 E Foothill Blvd.       | Pomona        | CA    | 91767 | (909) 675-7042 |
| AP Burgers, Inc.                | Chahal, Parminder & Syed, Asimuddin      | 1230 W. Henderson Avenue   | Porterville   | CA    | 93257 | (209) 782-4687 |
| SSKEATS, Inc.                   | Kahlon, Serge and Sonia                  | 6051 Florin Rd             | Sacramento    | CA    | 95823 | (916) 603-8928 |
| Ong's Restaurant Group, Inc.    | Ong, Quy Bruce                           | 931 S. 30th Street         | San Diego     | CA    | 92113 | (619) 546-8595 |
| Ong's Restaurant Group, Inc.    | Ong, Quy Bruce                           | 1545 Palm Avenue           | San Diego     | CA    | 92154 | (619) 429-3139 |
| Ong's Restaurant Group, Inc.    | Ong, Quy Bruce                           | 3382 Murphy Canyon Rd.     | San Diego     | CA    | 92123 | (858) 277-2559 |
| Ong's Restaurant Group, Inc.    | Ong, Quy Bruce                           | 8667 Jamacha Road          | Spring Valley | CA    | 91977 | (619) 464-3223 |
| FalconsBurger, LLC              | Charania, Shamsuddin                     | 550 South Walnut Street    | Bloomington   | IN    | 47401 | (812) 650-3868 |
| Cicero Petro, Inc.              | Banwait, Jaswant and Dhindsa, Sukhdev    | 1010 S Peru Street         | Cicero        | IN    | 46034 | (317) 984-2379 |
| FalconsBurger, LLC              | Charania, Shamsuddin                     | 756 E Lewis                | Clarksville   | IN    | 47129 | (812) 284-5151 |

| Franchisee Name               | Contact                           | Address                      | City           | State | Zip   | Phone          |
|-------------------------------|-----------------------------------|------------------------------|----------------|-------|-------|----------------|
| FalconsBurger, LLC            | Charania, Shamsuddin              | 2080 North National Road     | Columbus       | IN    | 47201 | (812) 372-1059 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 4720 E Morgan Ave.           | Evansville     | IN    | 47715 | (812) 475-9450 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 1201 East Virginia Street    | Evansville     | IN    | 47711 | (812) 425-8119 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 6139 Stellhorn Road          | Fort Wayne     | IN    | 46815 | (260) 486-9262 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 4810 Coldwater Road          | Fort Wayne     | IN    | 46825 | (260) 483-4335 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 320 W Jefferson Blvd.        | Fort Wayne     | IN    | 46802 | (260) 422-7842 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 3906 E. State Blvd           | Fort Wayne     | IN    | 46805 | (260) 484-6006 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 6022 W. Jefferson            | Fort Wayne     | IN    | 46802 | (260) 436-7509 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 5607 Anthony Blvd.           | Fort Wayne     | IN    | 46806 | (260) 441-8400 |
| FAD Foods, LLC                | Ali, Farhana and Sauma, Alvaro    | 6735 Indianapolis Blvd.      | Hammond        | IN    | 46324 | (219) 802-8576 |
| Chapel Hill Rallys, LLC       | Tharp, Don                        | 7311 West 10th Street        | Indianapolis   | IN    | 46214 | (317) 734-3458 |
| KENTUCKY AVENUE, LLC          | Kaufman, Fred                     | 4905 Kentucky Ave            | Indianapolis   | IN    | 46221 | (317) 821-0645 |
| Cossar Joint Venture, LLC     | Cossin, Luz                       | 368 US Hwy 231 S             | Jasper         | IN    | 47546 | (812) 634-9001 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 400 Clifty Drive             | Madison        | IN    | 47250 | (812) 273-6600 |
| FAD Foods, LLC                | Ali, Farhana and Sauma, Alvaro    | 2102 Franklin St             | Michigan City  | IN    | 46360 | (219) 243-7634 |
| Falcons Burger, LLC           | Charania, Shamsuddin              | 2350 State Street            | New Albany     | IN    | 47150 | (812) 590-3181 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 401 Vincennes Street         | New Albany     | IN    | 47150 | (812) 944-3670 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 1507 East Tipton Street      | Seymour        | IN    | 47274 | (812) 522-4623 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 2021 South Michigan Street   | South Bend     | IN    | 46613 | (574) 234-3407 |
| Cossar Joint Venture, LLC     | Cossin, Luz                       | 129 South 3rd Street         | Terre Haute    | IN    | 47807 | (812) 232-3886 |
| Cossar Joint Venture, LLC     | Cossin, Luz                       | 3175 East Wabash Avenue      | Terre Haute    | IN    | 47803 | (812) 814-3221 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 405 Russell Road             | Ashland        | KY    | 41101 | (606) 327-5533 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 640 US 31 W Bypass           | Bowling Green  | KY    | 42101 | (270) 843-8485 |
| Four Star Foods, Inc.         | Holt, Jerry                       | 475 Campbellsville Bypass    | Campbellsville | KY    | 42718 | (270) 469-9032 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 525 W. Dixie Avenue          | Elizabethtown  | KY    | 42701 | (270) 506-3126 |
| Othman, Amani                 | Othman, Amani (Amy)               | 1790 Airport Exchange        | Erlanger       | KY    | 41018 | (859) 282-8984 |
| Synergy Restaurant Group, LLC | Ruggieri, Robert and Wang, Monica | 321 Mt. Zion Road            | Florence       | KY    | 41042 | (859) 371-0354 |
| Four Star Foods, Inc.         | Holt, Jerry                       | 210 S. L. Rogers Wells Blvd. | Glasgow        | KY    | 42141 | (270) 629-3278 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 1927 US 41 North             | Henderson      | KY    | 42420 | (270) 869-8251 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 2921 Ft. Campbell Blvd.      | Hopkinsville   | KY    | 42240 | (270) 886-0255 |
| Four Star Foods II, Inc.      | Holt, Jerry                       | 511 S. Main Street           | Leitchfield    | KY    | 42754 | (270) 230-1905 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 2975 Richmond Road           | Lexington      | KY    | 40509 | (859) 269-1900 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 4171 Bates Creek Centre Dr   | Lexington      | KY    | 40517 | (859) 523-5211 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 410 Georgetown Road          | Lexington      | KY    | 40511 | (859) 255-6474 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 125 New Circle Road NE       | Lexington      | KY    | 40505 | (859) 299-3884 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 3455 Taylor Blvd.            | Louisville     | KY    | 40215 | (502) 368-3956 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 8601 Preston Highway         | Louisville     | KY    | 40219 | (502) 968-7145 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 3290 Bardstown Road          | Louisville     | KY    | 40205 | (502) 459-4124 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 5506 New Cut Road            | Louisville     | KY    | 40214 | (502) 361-5151 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 2130 W. Broadway             | Louisville     | KY    | 40211 | (502) 778-3446 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 10310 Dixie Hwy.             | Louisville     | KY    | 40272 | (502) 933-8538 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 4401 Cane Run Road           | Louisville     | KY    | 40216 | (502) 449-3078 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 790 East Center Street       | Madisonville   | KY    | 42431 | (270) 821-9770 |
| Maruti Fast Foods, LLC        | Patel, Romik                      | 3052 Owingsville Road        | Mount Sterling | KY    | 40353 | (859) 432-8985 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 1301 Frederica               | Owensboro      | KY    | 42301 | (270) 685-2788 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 160 N. Dixie                 | Radcliff       | KY    | 40160 | (270) 352-1611 |
| FalconsBurger, LLC            | Charania, Shamsuddin              | 509 Eastern ByPass           | Richmond       | KY    | 40475 | (859) 623-5754 |
| Ma Kali Li, LLC               | Patel, Ishwar                     | 441 Adam Shepherd Pkwy.      | Shepherdsville | KY    | 40165 | (502) 531-1187 |

| Franchisee Name               | Contact                               | Address                            | City            | State | Zip   | Phone          |
|-------------------------------|---------------------------------------|------------------------------------|-----------------|-------|-------|----------------|
| JSR 7428, LLC                 | Kalotra, Rakesh                       | 2560 Highway 190 North             | Covington       | LA    | 70433 | (985) 234-9095 |
| JSR 6180, LLC                 | Kalotra, Rakesh                       | 5300 Jefferson Highway             | Harahan         | LA    | 70123 | (504) 353-8366 |
| RCR FOODS, LLC                | Roberts, Rennis                       | 1159 Grand Caillou                 | Houma           | LA    | 70363 | (985) 851-5529 |
| RCR FOODS, LLC                | Roberts, Rennis                       | 1526 Martin Luther King Blvd.      | Houma           | LA    | 70364 | (985) 851-1090 |
| JSR 7418, LLC                 | Kalotra, Rakesh                       | 810 West Airline Highway           | LaPlace         | LA    | 70068 | (985) 651-0546 |
| JSR 7402, LLC                 | Kalotra, Rakesh                       | 3222 South Carrollton Ave          | New Orleans     | LA    | 70118 | (504) 353-8393 |
| JSR 7425, LLC                 | Kalotra, Rakesh                       | 3555 General DeGaulle              | New Orleans     | LA    | 70114 | (504) 353-8369 |
| Ultimate Restaurants, LLC     | Fontenot, Kendall                     | 1229 Veterans Blvd                 | Ponchatoula     | LA    | 70454 | (985) 467-0129 |
| RCR FOODS, LLC                | Roberts, Rennis                       | 400 North Canal Blvd               | Thibodaux       | LA    | 70301 | (985) 492-2180 |
| RR Adrian, LLC                | Rosania, Mike                         | 1109 East U.S. 223                 | Adrian          | MI    | 49221 | (517) 265-9545 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 3990 East Wilder Road              | Bay City        | MI    | 48706 | (989) 686-6877 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 102 S. Madison                     | Bay City        | MI    | 48708 | (989) 895-2677 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 3514 S. Saginaw st                 | Burton          | MI    | 48529 | (810) 249-3244 |
| L.B.F.C., Inc.                | Burkhardt, Matthew                    | 640 Lansing Road                   | Charlottesville | MI    | 48813 | (517) 543-1561 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 4514 W Vienna Road                 | Clio            | MI    | 48420 | (810) 686-3942 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 15155 Silver Pkwy                  | Fenton          | MI    | 48430 | (810) 215-1225 |
| I.B. Corp.                    | Balen, Alan                           | 4455 Corunna Road                  | Flint           | MI    | 48532 | (810) 733-3809 |
| SB Group II, Inc.             | Smiley, Alan                          | 1914 Dort Highway                  | Flint           | MI    | 48506 | (810) 766-9537 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 1095 North Wisner St               | Jackson         | MI    | 49202 | (517) 787-0478 |
| L.B.F.C., Inc.                | Burkhardt, Matthew                    | 3110 S Martin Luther King Jr. Blvd | Lansing         | MI    | 48910 | (517) 887-9380 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 4721 W. Saginaw Hwy.               | Lansing         | MI    | 48917 | (517) 483-2578 |
| B.M.A., Inc.                  | Burkhardt, Matthew                    | 505 E. Oakland                     | Lansing         | MI    | 48906 | (517) 482-6464 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 2020 South Saginaw Road            | Midland         | MI    | 48640 | (989) 750-7359 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 1501 S. Mission Street             | Mount Pleasant  | MI    | 48858 | (989) 773-5404 |
| I.B. Corp.                    | Balen, Alan                           | 3588 Bay Road                      | Saginaw         | MI    | 48603 | (989) 399-1540 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 515 S. Michigan                    | Saginaw         | MI    | 48602 | (989) 799-7748 |
| Jasam Enterprises, LLC        | Chand, Sanjiv                         | 420 E Genesee Ave                  | Saginaw         | MI    | 48607 | (989) 752-2257 |
| Stuck on Burgers, Inc.        | Stuck, Joyce and Michael              | 2961 Cook Road                     | West Branch     | MI    | 48661 | (989) 701-2601 |
| Global Midsouth Holding Corp. | Turner, William and Turner, Sedrick   | 1134 N Sprigg St.                  | Cape Girardeau  | MO    | 63701 | (573) 388-2514 |
| Global Midsouth Holding Corp. | Turner, William and Turner, Sedrick   | 1006 W Business Hwy 60             | Dexter          | MO    | 63841 | (573) 614-5871 |
| Global Midsouth Holding Corp. | Turner, William and Turner, Sedrick   | 605 N Washington                   | Farmington      | MO    | 63640 | (573) 701-0150 |
| Global Midsouth Holding Corp. | Turner, William and Turner, Sedrick   | 113 West Jackson Boulevard         | Jackson         | MO    | 63755 | (573) 204-4529 |
| Global Midsouth Holding Corp. | Turner, William and Turner, Sedrick   | 1324 N Westwood Blvd               | Poplar Bluff    | MO    | 63901 | (573) 712-2316 |
| Global Midsouth Holding Corp. | Turner, William and Turner, Sedrick   | 533 North Main St.                 | Sikeston        | MO    | 63801 | (573) 481-2300 |
| TAK Management, LLC           | Alabyadh, Mohamed and Ahmed, Tawafeiq | 10650 St Charles Rock Rd           | St. Ann         | MO    | 63074 | (314) 395-1056 |
| TAK Management                | Alabyadh, Mohamed and Ahmed, Tawafeiq | 826 1st Capital Drive              | St. Charles     | MO    | 63301 | (636) 896-4559 |
| TAK Management, LLC           | Alabyadh, Mohamed and Ahmed, Tawafeiq | 10334 Page Avenue                  | St. Louis       | MO    | 63132 | (314) 427-2445 |
| TAK Management, LLC           | Alabyadh, Mohamed and Ahmed, Tawafeiq | 2807 South Jefferson               | St. Louis       | MO    | 63118 | (314) 773-2066 |
| TAK Management, LLC           | Alabyadh, Mohamed and Ahmed, Tawafeiq | 4949 Natural Bridge                | St. Louis       | MO    | 63115 | (314) 385-3181 |
| TAK Management                | Alabyadh, Mohamed and Ahmed, Tawafeiq | 3553 Chouteau Ave                  | St. Louis       | MO    | 63103 | (314) 354-6592 |
| Coastal Express, Inc.         | West, Richard                         | 755 Brookway Blvd                  | Brookhaven      | MS    | 39601 | (601) 990-2235 |
| JJB Burgers, LLC              | Quinn, Michael and Setzer, Jason      | 5804 Terry Rd                      | Byram           | MS    | 39272 | (601) 667-4004 |

| Franchisee Name                                                | Contact                           | Address                   | City           | State | Zip   | Phone          |
|----------------------------------------------------------------|-----------------------------------|---------------------------|----------------|-------|-------|----------------|
| Coastal Express, Inc.                                          | West, Richard                     | 2100 Raymond Rd           | Jackson        | MS    | 39212 | (769) 251-1912 |
| Coastal Express, Inc.                                          | West, Richard                     | 1805 Highway 80 West      | Jackson        | MS    | 39204 | (601) 355-7641 |
| Coastal Express, Inc.                                          | West, Richard                     | 219 Northside Drive       | Jackson        | MS    | 39206 | (601) 982-7337 |
| Coastal Express, Inc.                                          | West, Richard                     | 318 Woodrow Wilson        | Jackson        | MS    | 39213 | (601) 354-1020 |
| Coastal Express, Inc.                                          | West, Richard                     | 3105 Highway 80 E         | Pearl          | MS    | 39208 | (601) 932-8874 |
| WNK LV, Inc.                                                   | Karas, Wahid                      | 4175 E Desert Inn Rd      | Las Vegas      | NV    | 89121 | (725) 206-5029 |
| WNK Foods, Inc.                                                | Karas, Wahid                      | 4855 South Jones Blvd.    | Las Vegas      | NV    | 89103 | (725) 204-1059 |
| WNK LV, Inc.                                                   | Karas, Wahid                      | 1900 E. Charleston Blvd.  | Las Vegas      | NV    | 89104 | (725) 204-8795 |
| WNK LV, Inc.                                                   | Karas, Wahid                      | 6408 W. Cheyenne Ave.     | Las Vegas      | NV    | 89108 | (725) 735-5185 |
| LVP Food Service Concept, LLC                                  | Madmen, Guy                       | 3978 E. Lake Mead         | Las Vegas      | NV    | 89115 | (725) 217-1847 |
| RR Bancroft, LLC                                               | Rosania, Mike                     | 1005 N. Main              | Bowling Green  | OH    | 43402 | (419) 806-4077 |
| Tri State Foods, LLC                                           | Crewal, Jagpal (Paul and Sarah)   | 2319 E. Sharon Rd.        | Cincinnati     | OH    | 45241 | (513) 407-6268 |
| Synergy Restaurant Group, LLC                                  | Ruggieri, Robert and Wang, Monica | 4115 Glenway Avenue #1    | Cincinnati     | OH    | 45205 | (513) 471-5248 |
| Synergy Restaurant Group, LLC                                  | Ruggieri, Robert and Wang, Monica | 2115 North Verity Parkway | Middletown     | OH    | 45042 | (513) 424-6972 |
| YW Foods, LLC                                                  | Pasqualetti, Frank                | 301 Robbins Avenue        | Niles          | OH    | 44446 | (330) 574-5005 |
| Synergy Restaurant Group, LLC                                  | Ruggieri, Robert and Wang, Monica | 1111 Monroe               | Portsmouth     | OH    | 45662 | (740) 353-5281 |
| RR Bancroft, LLC                                               | Rosania, Mike                     | 1035 West Bancroft Street | Toledo         | OH    | 43606 | (419) 242-5544 |
| YW Foods, LLC                                                  | Pasqualetti, Frank                | 519 South Street          | Warren         | OH    | 44483 | (330) 469-6107 |
| YW Foods, LLC                                                  | Pasqualetti, Frank                | 3219 Belmont Ave          | Youngstown     | OH    | 44505 | (234) 254-8058 |
| RC Homestead, Inc.                                             | Goraya, Jasmeet and Gurpal        | 906 E. 8th Ave.           | Munhall        | PA    | 15120 | (412) 426-9128 |
| Grupal Goraya, an individual and Jasmeet Goraya, an Individual | Goraya, Jasmeet and Gurpal        | 11749 Frankstown Rd       | Pittsburgh     | PA    | 15235 | (412) 241-1099 |
| FSR Group, Inc.                                                | Fawad, Ahmed                      | 1064 W. Mercury Blvd.     | Hampton        | VA    | 23666 | (757) 224-8040 |
| FSR Group, Inc.                                                | Raza, Shahid                      | 410 Denbigh Blvd          | Newport News   | VA    | 23608 | (757) 874-1888 |
| FSR Group, Inc.                                                | Raza, Shahid                      | 2300 Azalea Garden Road   | Norfolk        | VA    | 23513 | (757) 852-3779 |
| FSR Group, Inc.                                                | Fawad, Ahmed                      | 1208 Monticello Avenue    | Norfolk        | VA    | 23510 | (757) 446-7033 |
| FSR Realty, Inc.                                               | Fawad, Ahmed                      | 1366 East Little Creek Rd | Norfolk        | VA    | 23518 | (757) 431-7333 |
| FSR Group, Inc.                                                | Raza, Shahid                      | 1101 Frederick Blvd.      | Portsmouth     | VA    | 23707 | (757) 397-1299 |
| FSR Realty, Inc.                                               | Fawad, Ahmed                      | 1528 North Main St.       | Suffolk        | VA    | 23434 | (757) 922-7055 |
| FSR Group, Inc.                                                | Raza, Shahid                      | 1641 Independence Blvd.   | Virginia Beach | VA    | 23455 | (757) 282-6327 |
| Synergy Restaurant Group, LLC                                  | Ruggieri, Robert and Wang, Monica | 1667 3rd Avenue           | Charleston     | WV    | 25312 | (304) 345-2808 |
| Synergy Restaurant Group, LLC                                  | Ruggieri, Robert and Wang, Monica | 604 5th Avenue            | Huntington     | WV    | 25701 | (304) 525-5889 |



Franchise Agreement Signed but Restaurant Not Yet Open as of 12/29/25

| Franchisee Name               | Contact     | Address                | City            | State | Zip   | Phone          |
|-------------------------------|-------------|------------------------|-----------------|-------|-------|----------------|
| LVP Food Service Concept, LLC | Madmen, Guy | 2310 S. Nevada Highway | Pahrump         | NV    | 89048 | (725) 217-1847 |
| LVP Food Service Concept, LLC | Madmen, Guy | 4360 W. Craig Road     | North Las Vegas | NV    | 89031 | (725) 217-1847 |

**EXHIBIT G**  
**LIST OF FORMER FRANCHISEES**

The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, transferred, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the date of this disclosure document are listed below. The states listed below in which these former franchisees may be contacted are not necessarily the same states in which the former franchisees' restaurants were located. **If you buy this franchise, your contract information may be disclosed to other buyers when you leave the franchise system.**

The following table lists information for former Checkers franchisees, as we describe above:

| Franchisee                                  | Entity                                 | City           | State | Phone Number   |
|---------------------------------------------|----------------------------------------|----------------|-------|----------------|
| Harms, Russell, Leon, Ken and Kunofsy, Glen | AL Quick Service Capital Partners, LLC | Ozark          | AL    | (334) 774-2807 |
| Rockwell, Larry                             | LAD 5 Foods, Inc.                      | Northport      | AL    | (205) 764-9581 |
| Krause, Ty                                  | Powers Burgers, Inc.                   | Bartow         | FL    | (863) 533-2700 |
| Quinn, Michael and Setzer, Jason            | JJB Burgers, LLC                       | St. Petersburg | FL    | (727) 914-6833 |
| Quinn, Michael and Setzer, Jason            | JJB Burgers, LLC                       | St. Petersburg | FL    | (727) 258-7980 |
| Babb, Valerie and Linderman, Danny          | StarrChex Georgia, LLC                 | Savannah       | GA    | (912) 236-8481 |
| Charania, Shamsuddin                        | FalconsBurger, LLC                     | Athens         | GA    | (706) 395-6254 |
| Charania, Shamsuddin                        | FalconsBurger, LLC                     | Augusta        | GA    | (762) 333-8507 |
| Charania, Shamsuddin                        | FalconsBurger, LLC                     | Lawrenceville  | GA    | (678) 691-0466 |
| Charania, Shamsuddin                        | FalconsBurger, LLC                     | Snellville     | GA    | (770) 674-5877 |
| Charania, Shamsuddin                        | FalconsBurger, LLC                     | Woodstock      | GA    | (678) 398-7932 |
| Chunara, Ali                                | 3081 Restaurant Corp.                  | Lithonia       | GA    | (770) 593-3111 |
| Mohamed, Aby                                | Dolton C, Inc.                         | Dolton         | IL    | (708) 880-1323 |
| Burkhardt, Mike                             | Grand Rapids Twin Drive-Thru, Inc.     | Holland        | MI    | (616) 546-9199 |
| Smiley, Alan                                | SB Group II, Inc.                      | Fraser         | MI    | (586) 871-2773 |
| Turner, William and Turner, Sedrick         | Global Midsouth Corp                   | Amory          | MS    | (662) 597-2054 |
| Turner, William and Turner, Sedrick         | Global Midsouth Corp                   | West Point     | MS    | (662) 391-2904 |
| Thompson, Donnell                           | Country Club Burger, LLC               | Rocky Mount    | NC    | (252) 908-5591 |

| Franchisee                       | Entity                      | City            | State | Phone Number   |
|----------------------------------|-----------------------------|-----------------|-------|----------------|
| Force, Staci and Keehn Jr, Bruce | Howell Fast Food, LLC       | Howell Township | NJ    | (732) 462-4907 |
| Valiyani,Saleem                  | Shazimserena Enterprise LLC | Passaic         | NJ    | (973) 777-7474 |
| Josan,Paramjit                   | JPJ FRANKLIN, LLC           | Brooklyn        | NY    | (347) 533-7788 |
| Parikh, Amish                    | Burgerlicious III, Inc.     | Staten Island   | NY    | (718) 816-4382 |
| Singh,ManjitandSingh,Bhupinder   | SPS Liberty, Inc.           | Brooklyn        | NY    | (347) 533-7800 |
| Singh,ManjitandSingh,Bhupinder   | Khori Foods, Inc.           | Jamaica         | NY    | (718) 413-5599 |
| Tokhie,Asmatullah                | Goodness Fast Food Corp     | Brooklyn        | NY    | (718) 443-6160 |
| Charania,Shamsuddin              | FalconsBurger, LLC          | North Augusta   | SC    | (803) 426-8237 |
| Gillie, Scott and Burger, Jason  | Q5 Investments, LLC         | Florence        | SC    | (843) 629-8480 |
| Lee, Terry                       | Lee Food Group, Inc.        | Kodak           | TN    | (865) 465-7811 |
| Rezi,Mike                        | HAMBURGI NASHVILLE, LLC     | Nashville       | TN    | (615) 753-9903 |
| Maknojia, Mahendi                | Fine Gourmet, LLC           | Fairfield       | TX    | (903) 915-4794 |
| Maknojia, Mahendi                | Fine Gourmet, LLC           | Hempstead       | TX    | (281) 254-8613 |
| Maknojia,Mahendi                 | Fine Gourmet, LLC           | Dayton          | TX    | (936) 681-8659 |
| Maknojia,Mahendi                 | Fine Gourmet, LLC           | Houston         | TX    | (832) 644-5763 |
| Maknojia,Mahendi                 | Fine Gourmet, LLC           | Houston         | TX    | (281) 416-5021 |
| Maknojia,Mahendi                 | Fine Gourmet, LLC           | Splendora       | TX    | (281) 806-7731 |
| Panjwani,Shamsuddin(Sam)         | NextGen Foods, Inc.         | Humble          | TX    | (346) 219-2644 |
| Afsari,Anthony                   | AAA Enterprise, LLC         | Winchester      | VA    | (540) 722-2001 |

The following table lists information for former Checkers franchisees whose locations transferred during the fiscal year:

| Entity/Name                                           | City       | State | Phone          |
|-------------------------------------------------------|------------|-------|----------------|
| L.A.D. Foods, Inc. Larry Rockwell                     | Huntsville | AL    | (256) 837-4670 |
| L.A.D. Foods, Inc. Larry Rockwell                     | Tuscaloosa | AL    | (205) 345-4608 |
| Powers Brugers, Inc./Ty Krause                        | Dade City  | FL    | (352) 567-9717 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Atlanta    | GA    | (812) 475-9450 |

| Entity/Name                                           | City           | State | Phone          |
|-------------------------------------------------------|----------------|-------|----------------|
| S I Restaurant Group-1, Inc./Abid Khutliwala          | Atlanta        | GA    | (404) 500-3461 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Augusta        | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Augusta        | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Augusta        | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Augusta        | GA    | (812) 475-9450 |
| DIAMOND JIM'S CLAYTON 3213, LLC/James Campbell        | Clayton        | GA    | (706) 782-7058 |
| S I Restaurant Group-1, Inc./Abid Khutliwala          | Decatur        | GA    | (404) 500-3461 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Decatur        | GA    | (812) 475-9450 |
| S I Restaurant Group-1, Inc./Abid Khutliwala          | Decatur        | GA    | (470) 355-0071 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Duluth         | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Forest Park    | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Hephzibah      | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Jonesboro      | GA    | (812) 475-9450 |
| S I Restaurant Group-1, Inc./Abid Khutliwala          | Jonesboro      | GA    | (404) 500-3461 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Marietta       | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Stone Mountain | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Thomson        | GA    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Tucker         | GA    | (812) 475-9450 |
| S I Restaurant Group-1, Inc./Abid Khutliwala          | Atlanta        | GA    | (404) 500-3461 |
| United Restaurants, LLC/Caros Sarria                  | Chicago        | IL    | (901) 410-8242 |
| United Restaurants, LLC/Caros Sarria                  | Chicago        | IL    | (901) 410-8242 |
| Grand Rapids Twin Drive Thru, Inc/Michael Burkhardt   | Grand Rapids   | MI    | (616) 458-9191 |
| Grand Rapids Twin Drive Thru, Inc/Michael Burkhardt   | Grand Rapids   | MI    | (616) 458-9191 |
| Grand Rapids Twin Drive Thru, Inc/Michael Burkhardt   | Holland        | MI    | (616) 458-9191 |
| Grand Rapids Twin Drive Thru, Inc/Michael Burkhardt   | Wyoming        | MI    | (616) 458-9191 |
| Burger Brothers, LLC/Wail Hakim                       | Garden City    | MI    | (734) 743-3120 |

Checkers/Rally's  
April 2026

| Entity/Name                                           | City        | State | Phone          |
|-------------------------------------------------------|-------------|-------|----------------|
| Jasan Enterprises LLC/Sanjiv Chand                    | Woodhaven   | MI    | (734) 675-2955 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Charleston  | SC    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Charleston  | SC    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Columbia    | SC    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Columbia    | SC    | (812) 475-9450 |
| Falcons Burger, LLC/Shamsuddin Charania & Ali Chunara | Summerville | SC    | (812) 475-9450 |
| Tri-State Restaurants, LLC/Carlos Sarria              | Memphis     | TN    | (901) 410-8242 |
| Tri-State Restaurants, LLC/Carlos Sarria              | Memphis     | TN    | (901) 410-8242 |
| Tri-State Restaurants, LLC/Carlos Sarria              | Memphis     | TN    | (901) 410-8242 |
| Tri-State Restaurants, LLC/Carlos Sarria              | Memphis     | TN    | (901) 410-8242 |
| Tri-State Restaurants, LLC/Carlos Sarria              | Memphis     | TN    | (901) 410-8242 |

The following table lists information for former Checkers franchisees whose locations closed after the fiscal year end:

| City         | State | Phone          | Name                                        | Entity                              |
|--------------|-------|----------------|---------------------------------------------|-------------------------------------|
| Jacksonville | FL    | (904) 379-2879 | Patel, Pritesh                              | DHYEY, LLC                          |
| Orange City  | FL    | (386) 878-7204 | Quinn, Michael and Setzer, Jason            | JJB Burgers, LLC                    |
| Tallahassee  | FL    | (850) 666-0964 | Harms, Russell, Leon, Ken and Kunofsy, Glen | Quick Service Capital Partners, LLC |
| Monroe       | GA    | (770) 207-6389 | Dosani, Yousuf                              | IMAJE Investments, LLC              |
| Landover     | MD    | (301) 583-0760 | Kalotra, Rakesh and Singh, Rajesh           | R & R Landover, LLC                 |
| Wyandotte    | MI    | (734) 282-3341 | Sawchuk, Steve                              | Dakota Restaurants, Inc.            |
| Kodak        | TN    | (865) 465-7811 | Lee, Terry                                  | Lee Food Group, Inc.                |

The following table lists information for former Rally's franchisees, as we describe above:

| Franchisee         | City           | State | Phone Number   | Entity                  |
|--------------------|----------------|-------|----------------|-------------------------|
| Thompson,Donnell   | Birmingham     | AL    | (205) 201-4404 | Checkerboard Foods, LLC |
| Barrios,Jr.,Robert | Brawley        | CA    | (760) 351-1120 | Barrios Foods, Inc.     |
| Barrios,Jr.,Robert | Calexico       | CA    | (760) 357-5528 | Barrios Foods, Inc.     |
| Gomez,Javier       | Fresno         | CA    | (559) 266-3605 | Barrios Foods, Inc.     |
| Danesh,Shahraz     | Garden Grove   | CA    | (657) 220-4299 | N/A                     |
| Karas,Wahid        | San Bernardino | CA    | (909) 381-9655 | WNK LV, Inc.            |

| Franchisee                       | City           | State | Phone Number   | Entity                |
|----------------------------------|----------------|-------|----------------|-----------------------|
| Karas, Wahid                     | San Bernardino | CA    | (909) 882-0328 | WNK LV, Inc.          |
| Charania, Shamsuddin             | Lexington      | KY    | (859) 269-1900 | FalconsBurger, LLC    |
| Johar, Rajiv and Holt, Jerry     | Murray         | KY    | (270) 917-7255 | Holt Burgers, LLC     |
| Lack, Scott                      | Winchester     | KY    | (859) 745-1929 | Lack Enterprises, LLC |
| Quinn, Michael and Setzer, Jason | Magee          | MS    | (601) 721-9004 | JJB Burgers, LLC      |

The following table lists information for former Rally's franchisees whose locations transferred during the fiscal year:

| Entity/Name                              | City          | State | Phone          |
|------------------------------------------|---------------|-------|----------------|
| Checkerboard Foods, LLC/Donnell Thompson | Midfield      | AL    | (205) 490-6966 |
| F&M Restaurants, Inc./Javier Gomez       | Bakersfield   | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Clovis        | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Fresno        | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Fresno        | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Fresno        | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Fresno        | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Hanford       | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Madera        | CA    | (209) 826-1946 |
| F&M Restaurants, Inc./Javier Gomez       | Porterville   | CA    | (209) 826-1946 |
| United Restaurants, LLC/Caros Sarria     | Gary          | IN    | (901) 410-8242 |
| United Restaurants, LLC/Caros Sarria     | Hammond       | IN    | (901) 410-8242 |
| United Restaurants, LLC/Caros Sarria     | Michigan City | IN    | (901) 410-8242 |

The following table lists information for former Rally's franchisees whose locations closed after the fiscal year end:

| City       | State | Phone          | Name                              | Entity                        |
|------------|-------|----------------|-----------------------------------|-------------------------------|
| Florence   | KY    | (859) 371-0354 | Ruggieri, Robert and Wang, Monica | Synergy Restaurant Group, LLC |
| Jasper     | IN    | (812) 634-9001 | Cossin, Luz                       | Cossar Joint Venture, LLC     |
| Louisville | KY    | (502) 778-3446 | Charania, Shamsuddin              | FalconsBurger, LLC            |

**EXHIBIT H**  
**FINANCIAL STATEMENTS**



Consolidated Financial Statements and  
Report of Independent Certified Public  
Accountants

**Checkers Drive-In Restaurants, Inc. and  
Subsidiaries**

December 29, 2025 and December 30, 2024

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors

Checkers Drive-In Restaurants, Inc. and Subsidiaries

**Opinion**

We have audited the consolidated financial statements of Checkers Drive-In Restaurants, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 29, 2025 and December 30, 2024, and the related consolidated statements of operations, changes in stockholders' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2025 and December 30, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.



Tampa, Florida  
April 7, 2026

Checkers Drive-In Restaurants, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 29, 2025 and December 30, 2024  
(In thousands, except share and per share data)

|                                                                                                                                               | December 29,<br>2025 | December 30,<br>2024 |
|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>ASSETS</b>                                                                                                                                 |                      |                      |
| <b>Current assets</b>                                                                                                                         |                      |                      |
| Cash and cash equivalents                                                                                                                     | \$ 13,411            | \$ 15,562            |
| Accounts and notes receivable, net                                                                                                            | 9,691                | 7,717                |
| Inventory                                                                                                                                     | 2,323                | 2,428                |
| Prepaid expenses                                                                                                                              | 5,338                | 5,338                |
| Other current assets                                                                                                                          | 826                  | 799                  |
| Total current assets                                                                                                                          | 31,589               | 31,844               |
| <b>Property and equipment, net</b>                                                                                                            | 36,568               | 31,679               |
| <b>Operating lease right-of-use assets</b>                                                                                                    | 120,953              | 132,807              |
| <b>Finance lease right-of-use assets</b>                                                                                                      | 26,429               | 31,231               |
| <b>Intangibles assets, net</b>                                                                                                                | 198,633              | 198,723              |
| <b>Favorable leasehold interests</b>                                                                                                          | 735                  | 1,421                |
| <b>Goodwill, net</b>                                                                                                                          | 23,704               | 26,872               |
| <b>Other assets</b>                                                                                                                           | 945                  | 1,203                |
| Total assets                                                                                                                                  | <u>\$ 439,556</u>    | <u>\$ 455,780</u>    |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                   |                      |                      |
| <b>Current liabilities</b>                                                                                                                    |                      |                      |
| Accounts payable                                                                                                                              | \$ 6,436             | \$ 3,563             |
| Accrued liabilities                                                                                                                           | 11,525               | 13,855               |
| Accrued wages and benefits                                                                                                                    | 3,757                | 3,708                |
| Current portion of deferred revenue                                                                                                           | 721                  | 618                  |
| Current maturities of long-term debt                                                                                                          | 3,235                | 1,788                |
| Current maturities of financing obligations                                                                                                   | 62                   | 67                   |
| Current portion of accrued self-insurance                                                                                                     | 4,184                | 2,365                |
| Current portion of operating lease liabilities                                                                                                | 9,504                | 11,490               |
| Current portion of finance lease liabilities                                                                                                  | 996                  | 966                  |
| Total current liabilities                                                                                                                     | 40,420               | 38,420               |
| <b>Deferred income tax liabilities</b>                                                                                                        | 23,677               | 22,368               |
| <b>Operating lease liabilities, less current portion</b>                                                                                      | 127,067              | 134,307              |
| <b>Finance lease liabilities, less current portion</b>                                                                                        | 31,082               | 33,979               |
| <b>Long-term debt, less current maturities</b>                                                                                                | 102,450              | 90,271               |
| <b>Financing obligations, less current maturities</b>                                                                                         | 7,502                | 7,783                |
| <b>Deferred revenue, less current portion</b>                                                                                                 | 8,001                | 8,407                |
| <b>Accrued self-insurance, less current portion</b>                                                                                           | 2,020                | 2,020                |
| <b>Unfavorable leasehold interests</b>                                                                                                        | 55                   | 113                  |
| <b>Other long-term liabilities</b>                                                                                                            | 692                  | 878                  |
| Total liabilities                                                                                                                             | 342,966              | 338,546              |
| <b>Commitments and contingencies (Note 14)</b>                                                                                                |                      |                      |
| <b>Stockholders' equity</b>                                                                                                                   |                      |                      |
| Common stock, \$0.01 par value, 100 shares authorized, issued, and outstanding as of<br>December 29, 2025 and December 30, 2024, respectively | -                    | -                    |
| Additional paid-in capital                                                                                                                    | 98,788               | 98,449               |
| Retained earnings (deficit)                                                                                                                   | (2,198)              | 18,785               |
| Total stockholders' equity                                                                                                                    | 96,590               | 117,234              |
| Total liabilities and stockholders' equity                                                                                                    | <u>\$ 439,556</u>    | <u>\$ 455,780</u>    |

The accompanying notes are an integral part of these consolidated financial statements.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands)

|                                          | <b>December 29,<br/>2025</b> | <b>December 30,<br/>2024</b> |
|------------------------------------------|------------------------------|------------------------------|
| <b>Revenues</b>                          |                              |                              |
| Restaurant sales                         | \$ 228,919                   | \$ 255,474                   |
| Franchise and retail royalty revenue     | 33,857                       | 35,389                       |
| Franchise fees and other income          | <u>7,119</u>                 | <u>9,518</u>                 |
| Total revenues                           | <u>269,895</u>               | <u>300,381</u>               |
| <b>Costs and expenses</b>                |                              |                              |
| Restaurant food and paper costs          | 74,951                       | 81,660                       |
| Restaurant labor costs                   | 73,572                       | 79,230                       |
| Restaurant occupancy costs               | 22,719                       | 22,378                       |
| Restaurant depreciation                  | 5,993                        | 5,871                        |
| Other restaurant operating expenses      | 32,596                       | 34,053                       |
| General and administrative expenses      | 32,249                       | 39,215                       |
| Franchise support and service expenses   | 5,918                        | 5,226                        |
| Advertising expense                      | 11,196                       | 14,397                       |
| Other depreciation and amortization      | 3,446                        | 3,441                        |
| Restaurant retirement costs              | 455                          | 139                          |
| Impairment of long-lived assets          | 1,373                        | 2,384                        |
| Net loss on sale of restaurant           | 1,080                        | -                            |
| Net loss on disposal of fixed assets     | <u>1,693</u>                 | <u>64</u>                    |
| Total costs and expenses                 | <u>267,241</u>               | <u>288,058</u>               |
| Operating income (loss)                  | <u>2,654</u>                 | <u>12,323</u>                |
| <b>Other income (expense)</b>            |                              |                              |
| Interest expense                         | (22,306)                     | (15,789)                     |
| Other income (expense)                   | <u>3</u>                     | <u>3</u>                     |
| Total other (expense) income             | <u>(22,303)</u>              | <u>(15,786)</u>              |
| Loss before income tax expense (benefit) | (19,649)                     | (3,463)                      |
| <b>Income tax expense (benefit)</b>      | <u>1,376</u>                 | <u>(24,723)</u>              |
| <b>Net income (loss)</b>                 | <u><u>\$ (21,025)</u></u>    | <u><u>\$ 21,260</u></u>      |

The accompanying notes are an integral part of these consolidated financial statements.

Checkers Drive-In Restaurants, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(In thousands)

|                                      | <u>Common Stock</u> | <u>Additional<br/>Paid-in<br/>Capital</u> | <u>Retained<br/>Earnings<br/>(Deficit)</u> | <u>Total<br/>Stockholders'<br/>Equity</u> |
|--------------------------------------|---------------------|-------------------------------------------|--------------------------------------------|-------------------------------------------|
| <b>Balances at January 1, 2024</b>   | \$ -                | \$ 97,951                                 | \$ (2,656)                                 | \$ 95,295                                 |
| Stock-based compensation             | -                   | 498                                       | -                                          | 498                                       |
| Co-op retained earnings adjustment   | -                   | -                                         | 181                                        | 181                                       |
| Net income                           | -                   | -                                         | 21,260                                     | 21,260                                    |
| <b>Balances at December 30, 2024</b> | -                   | 98,449                                    | 18,785                                     | 117,234                                   |
| Stock-based compensation             | -                   | 339                                       | -                                          | 339                                       |
| Co-op retained earnings adjustment   | -                   | -                                         | 42                                         | 42                                        |
| Net income                           | -                   | -                                         | (21,025)                                   | (21,025)                                  |
| <b>Balances at December 29, 2025</b> | <u>\$ -</u>         | <u>\$ 98,788</u>                          | <u>\$ (2,198)</u>                          | <u>\$ 96,590</u>                          |

The accompanying notes are an integral part of these consolidated financial statements.

Checkers Drive-In Restaurants, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

|                                                                                                                                     | December 29,<br>2025 | December 30,<br>2024 |
|-------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>Operating activities:</b>                                                                                                        |                      |                      |
| Net income (loss)                                                                                                                   | \$ (21,025)          | \$ 21,260            |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities                                            |                      |                      |
| Depreciation and amortization                                                                                                       | 9,439                | 9,312                |
| Amortization of deferred financing costs and debt discount                                                                          | 880                  | 294                  |
| Provision for credit losses                                                                                                         | 320                  | 582                  |
| Deferred income tax expense (benefit)                                                                                               | 1,309                | (25,962)             |
| Noncash operating lease expense, net                                                                                                | 15,426               | 14,873               |
| Right-of-use asset amortization for finance lease                                                                                   | 1,596                | 2,699                |
| Change in favorable leasehold interests                                                                                             | 686                  | 427                  |
| Change in unfavorable leasehold interests                                                                                           | 58                   | 56                   |
| Noncash stock based compensation                                                                                                    | 339                  | 498                  |
| Prepayment costs for debt extinguishment                                                                                            | 6,348                | -                    |
| Noncash interest on long-term debt                                                                                                  | 4,664                | 5,201                |
| Impairment of long-lived assets                                                                                                     | 4,998                | 2,384                |
| Gain on assignment of operating lease                                                                                               | (275)                | -                    |
| Net loss on disposal of fixed assets                                                                                                | 708                  | 64                   |
| Changes in operating assets and liabilities:                                                                                        |                      |                      |
| Decrease (increase) in accounts receivable, net                                                                                     | (2,294)              | (264)                |
| Decrease (increase) in inventory                                                                                                    | 41                   | (250)                |
| Decrease (increase) in prepaid expenses                                                                                             | -                    | (30)                 |
| Decrease (increase) in other current assets                                                                                         | (488)                | 1,881                |
| Decrease in other noncurrent assets                                                                                                 | 258                  | 1,150                |
| (Decrease) increase in accounts payable                                                                                             | 2,874                | 582                  |
| (Decrease) increase in accrued liabilities, accrued wages and benefits, deferred revenue, self-insurance, and long-term liabilities | (1,061)              | (680)                |
| Change in operating lease liabilities                                                                                               | (16,263)             | (17,434)             |
| Other changes, net                                                                                                                  | 159                  | (793)                |
| Net cash provided by (used in) operating activities                                                                                 | 8,697                | 15,850               |
| <b>Investing activities:</b>                                                                                                        |                      |                      |
| Proceeds from Sale of Restaurants                                                                                                   | 454                  | -                    |
| Capital expenditures                                                                                                                | (12,311)             | (10,024)             |
| Net cash used in investing activities                                                                                               | (11,857)             | (10,024)             |
| <b>Financing activities:</b>                                                                                                        |                      |                      |
| Principal payments on long-term debt                                                                                                | (94,368)             | (812)                |
| Principal payments on financing obligations                                                                                         | (286)                | (73)                 |
| Repayments on finance lease liabilities                                                                                             | (900)                | (1,885)              |
| Proceeds from short-term financing                                                                                                  | 2,754                | 1,464                |
| Loan costs incurred on debt issuance                                                                                                | (229)                | -                    |
| Prepayment penalty on old loan costs                                                                                                | (6,348)              | -                    |
| Payment on short-term financing                                                                                                     | (1,534)              | (1,515)              |
| Proceeds from the issuance of long-term financing                                                                                   | 101,920              | -                    |
| Net cash (used in) provided by financing activities                                                                                 | 1,009                | (2,821)              |
| <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS</b>                                                                            | <b>(2,151)</b>       | <b>3,005</b>         |
| <b>Cash, cash equivalents, and restricted cash at beginning of period</b>                                                           | <b>15,562</b>        | <b>12,557</b>        |
| <b>Cash, cash equivalents, and restricted cash at end of period</b>                                                                 | <b>\$ 13,411</b>     | <b>\$ 15,562</b>     |
| <b>Supplemental disclosure of cash flow information:</b>                                                                            |                      |                      |
| Cash paid for interest                                                                                                              | \$ 8,552             | \$ 7,859             |
| Income taxes paid, net of refunds                                                                                                   | 514                  | 558                  |
| <b>Non-cash activities:</b>                                                                                                         |                      |                      |
| Non-cash right-of-use assets obtained (modified) in exchange for operating leases                                                   | \$ (457)             | \$ 664               |
| Non-cash right-of-use assets obtained (modified) in exchange for finance leases                                                     | (1,211)              | 7,481                |
| Purchased capital assets on account                                                                                                 | (1)                  | 331                  |
| Financed insurance premiums                                                                                                         | 1,567                | 1,741                |
| Non-cash interest                                                                                                                   | 4,664                | 5,201                |

The accompanying notes are an integral part of these consolidated financial statements.



**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**December 29, 2025 and December 30, 2024**

**NOTE 1 - DESCRIPTION OF BUSINESS**

***Purpose and Organization***

Checkers Drive-In Restaurants, Inc. ("Checkers", "CDI", the "Company", "we", "our", or "us") owns and operates and franchises quick service restaurants under two similar operating brands, Checkers and Rally's.

As of December 29, 2025 and December 30, 2024, there were 500 and 530 franchise owned locations, respectively. As of December 29, 2025 and December 30, 2024 there were 215 and 230 corporate owned locations, respectively.

We have a national footprint under our Checkers and Rally's brands, with strongholds in the Southeast Mid-Atlantic and Midwest, as well as a footprint in the western United States, including California, Nevada and Arizona. Throughout our system of restaurants, we are known for our signature buildings and design that evoke timeless American imagery and for providing customers with bold and flavorful food at an attractive value.

CDI was founded in 1986 in Mobile, Alabama, with a mission to provide customers with a bold and flavorful alternative to the standard burgers served by large hamburger quick service restaurant chains. We have focused on, and continue to provide, a differentiated menu with robust made-to-order offerings, delivered to customers at an exceptional value.

In September 1991, CDI was incorporated as a Delaware corporation. We conduct business under our corporate name and the names Checkers and Rally's. We have owned, operated and franchised Checkers restaurants since 1991 and Rally's restaurants since our merger with Rally's in August 1999.

***Basis of Presentation and Principles of Consolidation***

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The consolidated financial statements present the results of the operations, financial position and cash flows of CDI. All significant intercompany accounts and transactions have been eliminated in consolidation. We consolidate all entities where the Company is deemed to have a controlling financial or voting interest, including those that are wholly owned subsidiaries.

***Reclassification***

Certain prior year amounts have been reclassified to conform to the current year presentation in the consolidated financial statements. These reclassifications had no effect on the reported results of operations. These reclassifications are intended to provide a more accurate comparison of financial information across the years presented.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

***Fiscal Year***

The Company's fiscal reporting years consist of 52 or 53 weeks ending on the Monday closest to December 31. References included herein to "year" or "years" ended represent fiscal years. The fiscal years ended December 29, 2025 and December 30, 2024 consisted of 52 weeks.

***Cash and Cash Equivalents***

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. The Company maintains cash and cash equivalent balances with financial institutions in excess of federal insured limits. The Company has not experienced any losses related to these balances, and it believes credit risk to be minimal.

The Company has restricted cash balances related to certain letters of credit and debt arrangements and are presented within cash and cash equivalents on the consolidated balance sheets. Restricted cash balances as of December 29, 2025 and December 30, 2024 were \$2.4 million and \$2.5 million, respectively.

***Accounts and Notes Receivable, Net***

Receivables consist primarily of franchise royalties, franchise fees, sublease rents, delivery sales receivables, and retail royalties. These amounts are recorded net of an allowance for credit losses. Franchisee related accounts receivable are due within 10 days of billing and we draw the funds directly from the franchisee's bank account on a predetermined day. Although the Company maintains an allowance for credit loss, the majority of the balance relates to specific accounts where collection is not expected. The reserves are established using the specific identification method based on our best estimate of the collectible balance. When determining collectability, we evaluate the debtor's financial condition, the historical experience with the debtor, and the pledged security interest value, if any. The Company has traditionally experienced a high rate of collection as the franchise agreements frequently provide remedy to the Company in the event of the franchisee's default on outstanding balances through a security interest in the assets of the business when a sublease is in place or through a personal guarantee of the franchisee.

Notes receivable consist of funds extended to franchisees as consideration for the sale of restaurants and repayment terms on past due rents and royalties. Specific allowances are established when collection is no longer deemed likely. With respect to secured notes, the assets of the associated restaurant often act as collateral. In the event of default, the Company has the option to acquire the restaurant assets, with the balance of the outstanding notes included in the consideration provided by the Company. However, not all notes are collateralized. Interest on outstanding notes is charged according to the terms of the promissory note and is recognized on a 365 days basis over the term of the note.

***Inventory***

Inventory consists of food and paper packaging. Inventory is stated at the lower of cost (first-in, first-out basis) or net realizable value.

***Property and Equipment, Net***

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of their estimated useful lives (generally 10 years) or the remaining lease term.

Maintenance and repairs are expensed as incurred. Impairment testing is performed at the enterprise level upon the occurrence of a triggering event indication that the fair value of the Company might be less than its carrying amount. When a triggering event occurs, the Company has the option to perform a qualitative assessment to determine whether a quantitative test is needed. If that assessment demonstrates that it is

## **Checkers Drive-In Restaurants, Inc. and Subsidiaries**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

more likely than not that an impairment does not exist, no further testing is required. If impairment of property and equipment is more likely than not, a quantitative test is required that compares the fair value of the Company with its carrying amount. If the carrying amount exceeds fair value, that amount represents the impairment loss to be recognized, up to the carrying amount of property and equipment. Refer to Note 7 - Property and Equipment, Net for further information.

#### ***Goodwill, Net***

Goodwill represents the excess of the consideration transferred over the net of the acquisition date fair values of the assets acquired and liabilities assumed in a business combination. Goodwill is primarily attributable to the deferred tax liability created by the business combination. The Company elected to amortize the goodwill over a 10-year period on a straight-line basis. Impairment testing is performed at the enterprise level upon the occurrence of a triggering event indication that the fair value of the Company might be less than its carrying amount. When a triggering event occurs, the Company has the option to perform a qualitative assessment to determine whether a quantitative test is needed. If that assessment demonstrates that it is more likely than not that an impairment does not exist, no further testing is required. If impairment of goodwill is more likely than not, a quantitative test is required that compares the fair value of the Company with its carrying amount. If the carrying amount exceeds fair value, that amount represents the impairment loss to be recognized, up to the carrying amount of goodwill. Refer to Note 8 - Goodwill and Intangible Assets, Net for further information.

#### ***Definite-Lived Intangible Assets***

Definite-lived intangible assets, principally franchise agreements are amortized on a straight-line basis over their estimated useful lives of 15 years (see Note 8 - Goodwill and Intangible Assets, Net). The Company assesses definite-lived intangibles for impairment on an annual basis, or upon the existence of events or conditions which indicate that the asset may not be recoverable.

#### ***Indefinite-Lived Intangible Assets***

The Company assesses the impairment of indefinite-lived intangible assets, which consist of tradename intangibles, on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When evaluating potential impairment indicators, the Company considers qualitative factors such as significant industry or economic trends that could negatively affect the Company's business. If that assessment demonstrates that it is more likely than not that an impairment does not exist, no further testing is required. If impairment is deemed to be more likely than not, a quantitative test is required that compares the fair value of the Company with its carrying amount. If the carrying amount exceeds fair value, that amount represents the impairment loss to be recognized.

#### ***Leases***

The Company leases real estate for the operation of its restaurants as well as acts as a sublessor for the operation of certain franchised restaurants. As lessee, the Company is obligated under certain noncancelable leases, primarily ground leases that in certain instances it also subleases to franchisees. The Company accounts for leases as both a lessee and a lessor in accordance with ASC 842, *Leases*.

The Company classifies its lease arrangements at inception as either operating leases or finance leases. A lease is classified as a finance lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying asset, or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

term. A lease is classified as an operating lease if none of the five criteria described above for finance lease classification is met. We determine if an arrangement is a lease at inception of the contract. Our right-of-use ("ROU") assets represents our right to use the underlying assets for the lease term and our lease liabilities represent our obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company's lease arrangements consist of real estate operating and finance leases for restaurant locations and corporate office space.

The Company uses judgment to determine the lease term, which in turn, impacts the applicable incremental borrowing rate ("IBR") used to calculate the initial lease liability. Management determined the present value of the lease liabilities by using the risk-free rate private company practical expedient which allows the Company to use the US Treasury rate most applicable to the lease term. As of December 29, 2025 and December 30, 2024, the Company does not have any operating or financing leases for which it is obligated that have not yet commenced.

As of December 29, 2025 and December 30, 2024, the favorable and unfavorable leasehold interests for lease agreements where the Company was the lessor, are included in favorable leasehold interests and unfavorable leasehold interests in the accompanying consolidated balance sheets.

Per the guidance in ASC 842, favorable and unfavorable leasehold interests for lease agreements where the Company is the lessee are classified in the Operating lease ROU assets in the accompanying consolidated balance sheets. The amortization of the ROU assets is recorded in the restaurant occupancy costs line item for Company-operated restaurant locations, in the franchise fees and other income line item for locations subleased to franchisees and in the general and administrative expenses line item for Company headquarters. These line items are presented in the accompanying consolidated statements of operations.

The Company accounts for any assignment of leases to franchisees in accordance with the guidance in ASC 842.

***Impairment of Long-Lived Assets***

The Company periodically assesses the realizability of long-lived assets when triggering events or changes in circumstances indicate the carrying value of the long-lived assets may not be recoverable. The carrying amount of an asset or asset group is not recoverable if it exceeds the sum of the undiscounted cash flows expected to result from the use of the asset and its eventual disposition. In that event, an impairment loss is recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset or asset group.

***Prepaid Expenses***

The Company prepaids certain expenses such as rent, insurance, maintenance, equipment, software and service agreements for future years. These amounts are capitalized when paid and amortized over the period in which the services are provided, not exceeding one year.

***Deferred Financing Costs***

Deferred financing costs attributable to funded debt are recorded as a deduction from the related debt balance when incurred and amortized into interest expense using the effective-interest method over the life of the related debt.

For the fiscal year ended December 29, 2025, the Company amortized \$0.9 million of financing costs associated with the Refinancing Term Loan. For the fiscal year ended December 30, 2024 the Company amortized \$0.3 million of financing costs associated with the New Money Loans and Second Out Loans.

## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 29, 2025 and December 30, 2024

#### **Revenue Recognition**

The Company recognizes revenue when the following criteria are met: 1) Contract with the customer has been identified; 2) Performance obligations in the contract have been identified; 3) Transaction price has been determined; 4) Transaction price has been allocated to the performance obligations; and 5) Revenue is recognized when (or as) performance obligations are satisfied.

The Company disaggregates revenues by type: Restaurant sales, Franchise and retail royalty revenue, and Franchise fees and other income.

The Company's Restaurant sales includes revenues recognized upon delivery of food to the customer at Company operated restaurants. Restaurant sales are recognized upon sale and are presented net of coupons and discounts, sales tax and other sales-related taxes. Restaurant sales also includes revenues recognized upon delivery of food to a third-party delivery company. The revenue is recognized as a receivable from the third-party delivery service and collection is made within three to seven business days.

Franchise and retail royalty revenues includes royalties on sales by franchised restaurants and sales of licensed products in retail stores. Royalties are based on a percentage of sales of the franchised restaurant and sales of licensed products in retail stores which are recognized as earned.

Franchise fees and other income is comprised of franchise fees, transfer fees, and area development fees that are generated from the sale of rights to develop, own and operate restaurants, as well as sublease rental income and revenues from advertising cooperative funds for those respective cooperative funds that are consolidated. As a sublessor for the operation of certain franchised restaurants, fees for sublease income are also included within franchise fees and other income line item. The Company accounts for leases using the guidance in ASC 842, *Leases*, as well as ASC 606, *Revenue from Contracts with Customers*. See the Note 14 - Leases for further information.

Franchise fees are recorded as deferred revenue when received and recognized as revenue over the contractual term of the franchise agreements once the restaurant has opened.

Area development fees are deferred when received, allocated to each agreed upon restaurant, and recognized as revenue over the contractual term of each respective franchise agreement once the restaurant has opened.

Franchise fees and area development fees are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement. Transfer fees are fees for selecting pre-approved buyers for franchisee-to-franchisee sales of restaurants. The transfer fees are paid by the new franchisee, deferred when received, and recognized as revenue over the contractual term of the new franchise agreement.

#### **Stock-Based Compensation**

The Company accounts for stock-based compensation to employees and directors in accordance with ASC 718, *Compensation - Stock Compensation*, which requires the recognition of compensation expense for employee stock options and other share-based payments. Under ASC 718, *Compensation - Stock Compensation*, expense related to employee stock options and other share-based payments is recognized over the relevant service year based on the grant-date fair value of equity-based awards issued to employees and directors. Compensation expense for equity-based awards is generally recognized on a straight-line basis over the requisite service year. Awards that are forfeited prior to vesting do not result in the cumulative recognition of compensation expense. The Company accounts for the impact of forfeitures on stock-based compensation expense as they occur. Refer to Note 12 - Stockholders' Equity for further information.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

***Advertising Expense***

The Company expenses advertising costs for on-air advertising at the first time aired and advertising costs for on-lot merchandising on the first day of advertising. To the extent the Company participates in independent advertising cooperatives, the Company expenses contributions as incurred.

Advertising expense does not include expenses incurred for coupons and discounts, which are recorded as reductions to restaurant sales at the time of sale.

***Income Taxes***

The Company accounts for income taxes based upon the provisions of ASC 740, *Income Taxes*. Under the asset and liability method required by ASC 740, *Income Taxes*, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets must be reduced by a valuation allowance when it becomes more likely than not that they will not be realized. Realization of the deferred tax assets is dependent on generating sufficient taxable income in the years when the deferred tax assets are available to be utilized. The Company has recorded a valuation allowance against the deferred tax assets that are not realizable under this standard. The deferred tax assets are reviewed periodically for recoverability, and valuation allowances are adjusted as necessary. Under ASC 740, *Income Taxes*, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense or benefit in the year that includes the enactment date.

The Company evaluates uncertain tax positions based upon one of the following conditions: (1) the tax position is not more likely than not to be sustained; (2) the tax position is more likely than not to be sustained, but for a lesser amount; or (3) the tax position is more likely than not to be sustained, but not in the financial year in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) the Company presumes the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities, such as legislation and statutes, legislative intent, regulations, rulings, and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. The Company recognizes interest and penalties associated with uncertain tax positions as part of its income tax provision. A number of years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. Although the outcome of tax audits is always uncertain, the Company believes adequate amounts of tax, including interest and penalties, have been provided for any adjustments that are expected to result from those years.

***Disclosure About Fair Value of Financial Instruments***

The Company applies the guidance in ASC 820, *Fair Value Measurements*, in recording and/or disclosing assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (the exit price). The fair value is required to be based on assumptions that market participants would use when pricing the asset or liability.

The three levels of the valuation hierarchy are based upon the transparency of inputs to the valuation of an asset or liability on the measurement date that are defined as follows:

Level 1 - Quoted prices (unadjusted) for an identical asset or liability in an active market.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

***Recently Issued Accounting Guidance***

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Improvements to Income Tax Disclosures*. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The new requirements will be effective for annual years beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. The Company will adopt this standard for reporting years beginning after December 15, 2025. Management is currently reviewing the impact of the adoption of this accounting standard on the Company's consolidated financial statements.

**NOTE 3 - REVENUE**

***Performance Obligations in Contracts with Customers***

The restaurant sales performance obligation is satisfied upon the delivery of food to the customer at Company-operated restaurants. The payment terms are immediately satisfied upon the delivery of the food to the customer. The consideration is variable generally due to coupons and discounts which are recorded at the time of food delivery.

The delivery sales performance obligation is satisfied upon the delivery of food to a third-party delivery partner. The Company acts as an agent in delivery sales and, therefore, records the revenue net of costs which include commissions, fees, and in certain cases taxes..

The franchise fees performance obligation is satisfied over the terms of the franchise agreement between the Company and the related franchisees. The franchise royalties performance obligation is satisfied upon the delivery of the food by the franchisee to their customer or to a third-party delivery partner. The Company recognizes the royalty revenue in the period in which the franchise sales occur over the contract term of the franchise agreement.

The franchise agreement provides the franchisee the right to construct, own, and operate a Checkers or Rally's restaurant upon a site accepted by the Company and to use the Checkers and Rally's system in connection with the operation of the restaurant at that site. The franchise agreement generally provides for a fixed term and a fixed term renewal subject to certain conditions. The franchise agreement contract performance obligation is considered to be a right to use the Company's symbolic intellectual property over the contractual term.

The Company is the sublessor on certain lease agreements which are generally for franchise restaurants. The Company accounts for leases using the guidance in ASC 842, *Leases*, and the guidance in ASC 606, *Revenue from Contracts with Customers*. Refer to Note 13 - Leases for further information on the sublease rental income earned by the Company.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

**Contract Balances - Deferred Revenue**

The following table provides information about the change in deferred franchise fees included in "current portion of deferred revenue" and "deferred revenue, less current portion" in the accompanying consolidated balance sheets:

|                                              | December 29,<br>2025 | December 30,<br>2024 |
|----------------------------------------------|----------------------|----------------------|
| Deferred franchise fees at beginning of year | \$ 9,025             | \$ 9,654             |
| New deferrals due to cash received and other | 549                  | 439                  |
| Revenue recognized during the year           | (852)                | (1,068)              |
| Deferred franchise fees at end of year       | <u>\$ 8,722</u>      | <u>\$ 9,025</u>      |

**NOTE 4 - ACCOUNTS AND NOTES RECEIVABLE, NET**

The following table summarizes the Company's receivables and allowances as of December 29, 2025 and December 30, 2024:

|                            | December 29, 2025 |           |          | December 30, 2024 |           |          |
|----------------------------|-------------------|-----------|----------|-------------------|-----------|----------|
|                            | Gross             | Allowance | Net      | Gross             | Allowance | Net      |
| Total accounts receivables | \$ 10,352         | \$ (661)  | \$ 9,691 | \$ 8,372          | \$ (655)  | \$ 7,717 |

Accounts receivable is primarily comprised of franchise royalties, franchise fees, sublease rents, delivery sales receivables, and retail royalties. The Company recognizes an allowance for credit losses based on historical collection experience and on a specific identification basis based upon past due balances and the financial strength of the obligor. The Company monitors that franchisees remain in compliance with all terms of the franchise agreement and sublease, when applicable, and when a franchisee is not in compliance they are placed in default status. When a franchisee is placed in default status, the Company closely monitors royalties accruing on franchisee sales in order to determine if collectability is reasonably assured. If we determine that certain amounts are not probable of collection, we do not recognize the related royalty revenue. The Company writes off the related accounts receivable when it is determined that they are uncollectible.

Credit losses are recorded in general and administrative expenses in the accompanying consolidated statements of operations. The Company had credit losses of \$0.3 million and \$0.6 million for the fiscal years ended December 29, 2025 and December 30, 2024, respectively.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

From time to time, we measure certain non-financial assets at fair value on a non-recurring basis in connection with evaluating long-lived assets for impairment. We estimate the fair value of our long-lived assets using significant inputs such as market conditions, comparable properties and Company experience with similar sites, which may be supplemented by appraisals or independent broker opinions of value when necessary, which would generally be categorized within Level 3 of the fair value hierarchy.

Intangible assets not subject to amortization consist of the brands (tradenames) intangible assets. A quantitative impairment test performed on these intangible assets consists of a comparison of their fair value with their carrying value. The Company evaluates the recoverability of intangible assets with an



**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

indefinite life in accordance with ASC 350, *Intangibles-Goodwill and Other*. These assets are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The authoritative guidance allows a company to perform a qualitative or a quantitative assessment of impairment. A company may first perform a qualitative assessment to determine whether it is necessary to perform the quantitative impairment test or it could also bypass the qualitative assessment and proceed directly to performing the quantitative impairment test.

If the carrying value of an intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of intangible assets not subject to amortization are determined using the relief from royalty valuation methodology. Significant assumptions are inherent to this process, including estimates of future revenues generated by the related sales, the discount rate, and the royalty rate. Discount rate assumptions are based on an assessment of the risk inherent in the respective intangible assets. Royalty rate assumptions are based on projected profitability, actual franchisee agreements and comparable market rates.

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The Company has entered into transactions with certain companies or individuals, which are related parties by virtue of being holders of the Company's common stock, by being officers/directors of the Company or because they are controlled by significant stockholders or officers/directors of the Company.

The Company and its franchisees each pay a percentage of sales to the Checkers/Rally's National Production Fund, Inc. (the "Fund" or "NPF"), established for the purpose of creating and producing advertising for the benefit of both Company-operated and franchised restaurants. During the fiscal years ended December 29, 2025 and December 30, 2024, only one member, representing 25% of the Board of Directors of the Fund, is an employee of the Company. The Fund is not included in the accompanying consolidated financial statements, although the Company's contributions to the Fund are included in "advertising expense" in the accompanying consolidated statements of operations. Additionally, certain Company-operated restaurants and franchisees participate in advertising co-ops. The Company consolidates advertising co-ops for which it is determined to control on the basis of voting interests, and does not consolidate advertising co-ops it does not control. Co-ops not controlled by the Company are accounted for similarly to the fund. As of December 29, 2025 and December 30, 2024, the contributions to the Fund represent 2.65% and 0.5% of net restaurant sales, respectively, while contributions to the advertising co-ops range from 0.5% to 4.25% of net restaurant sales.

The Company and its franchisees each pay charges based on volumes of products purchased from suppliers to Checkers and Rally's Distribution and Services, Inc. ("CDSI"), established for the purpose of providing procurement services and quality assurance support for the benefit of both Company-operated and franchised restaurants. During the fiscal years ended December 29, 2025 and December 30, 2024, only one member, representing 25% of the CDSI Board of Directors is an employee of the Company. CDSI is not included in the accompanying consolidated financial statements, although the company's contributions to CDSI are included within "restaurant food and paper costs" in the accompanying consolidated statements of operations.

The Company pays invoices on behalf of NPF and CDSI and then bills each for the balance of these invoices each year. As of December 29, 2025, there was approximately \$4.2 million and \$1.6 million of accounts receivable due from the NPF and CDSI, respectively. As of December 30, 2024, there was approximately \$2.0 million and \$1.0 million of accounts receivable due from the NPF and CDSI, respectively. Accounts receivable for the NPF and CDSI are included in the accounts and notes receivable, net in the accompanying consolidated balance sheets.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

The Fund purchases print advertising on behalf of the Company and franchisees to be used in restaurants. The Company recorded \$6.2 million and \$1.3 million for the fiscal years ended December 29, 2025 and December 30, 2024, respectively, related to this print advertising in advertising expense in the accompanying consolidated statements of operations.

**NOTE 7 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consisted of the following as of December 29, 2025 and December 30, 2024:

|                                   | December 29,<br>2025 | December 30,<br>2024 | Estimated<br>Useful Lives |
|-----------------------------------|----------------------|----------------------|---------------------------|
| Land                              | \$ 5,986             | \$ 5,922             |                           |
| Leasehold and land improvements   | 2,698                | 2,270                | 1-10 years                |
| Buildings                         | 7,133                | 6,779                | 5-30 years                |
| Equipment, furniture and fixtures | 25,586               | 22,181               | 3-10 years                |
| Construction in progress          | 9,257                | 3,141                |                           |
|                                   | <u>50,660</u>        | <u>40,293</u>        |                           |
| Less: accumulated depreciation    | <u>(14,092)</u>      | <u>(8,614)</u>       |                           |
| Property and equipment, net       | <u>\$ 36,568</u>     | <u>\$ 31,679</u>     |                           |

Depreciation expense associated with property and equipment, was \$6.0 million and \$6.0 million for the fiscal years ended December 29, 2025 and December 30, 2024, respectively.

The Company recorded impairment charges related to property and equipment in the amount of \$0.1 million and \$1.9 million, for the fiscal years ended December 29, 2025 and December 30, 2024, respectively, primarily due to stores that closed during the years.

**NOTE 8 - GOODWILL AND INTANGIBLE ASSETS, NET**

The changes in goodwill during years are as follows:

|                                | Amortization<br>Year | December 29,<br>2025 | December 30,<br>2024 |
|--------------------------------|----------------------|----------------------|----------------------|
| Balance, gross                 | 10 years             | \$ 31,767            | \$ 31,767            |
| Less: accumulated amortization |                      | <u>(8,063)</u>       | <u>(4,895)</u>       |
| Balance, net                   |                      | <u>\$ 23,704</u>     | <u>\$ 26,872</u>     |

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

Estimated future amortization of goodwill is as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>    |
|---------------------------|------------------|
| 2026                      | \$ 3,166         |
| 2027                      | 3,166            |
| 2028                      | 3,166            |
| 2029                      | 3,166            |
| 2030                      | 3,166            |
| Thereafter                | <u>7,874</u>     |
| Total                     | <u>\$ 23,704</u> |

Amortization expense recognized on Goodwill was \$3.2 million and \$3.2 million for the fiscal years ended December 29, 2025 and December 30, 2024, respectively.

Intangible assets consisted of the following as of December 29, 2025 and December 30, 2024:

|                                     | <u>December 29,<br/>2025</u> | <u>December 30,<br/>2024</u> |
|-------------------------------------|------------------------------|------------------------------|
| Tradenames, indefinite-lived        | \$ 197,500                   | \$ 197,500                   |
| Finite-lived intangible assets, net | <u>1,133</u>                 | <u>1,223</u>                 |
| Intangible assets. net              | <u>\$ 198,633</u>            | <u>\$ 198,723</u>            |

Estimated future amortization of definite-lived intangible assets is as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>   |
|---------------------------|-----------------|
| 2026                      | \$ 91           |
| 2027                      | 91              |
| 2028                      | 91              |
| 2029                      | 91              |
| 2030                      | 91              |
| Thereafter                | <u>678</u>      |
| Total                     | <u>\$ 1,133</u> |

Amortization expense recognized on the definite-lived intangibles, was \$0.1 million and \$0.1 million for the fiscal years ended December 29, 2025 and December 30, 2024, respectively.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

**NOTE 9 - DEBT**

Debt consisted of the following as of December 29, 2025 and December 30, 2024:

|                                                                                                                                                                                                                                                                                                                            | December 29,<br>2025 | December 30,<br>2024 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| Obligations under premium financing arrangements, with short-term maturities                                                                                                                                                                                                                                               | \$ 2,195             | \$ 976               |
| Refinancing Term Loans, maturing August 26, 2030, bearing interest at an alternative base rate plus 7.50% or the Adjusted Term SOFR plus 8.50%. The Company has option to pay interest in kind (PIK) at a rate of 6% rather than in cash. As of December 29, 2025 the effective interest rate was 12.37%.                  | 105,719              | -                    |
| Last-Out Term Loans, maturing June 16, 2028, bearing interest at an alternative base rate plus 8% or the Adjusted Term SOFR plus 9% plus a credit adjustment spread. Company has option to pay interest in kind at a rate equal to 6% rather than in cash. As of December 30, 2024 the effective interest rate was 15.16%. | -                    | 80,988               |
| New Money Loans, maturing June 16, 2027, bearing interest at an alternative base rate plus 6% or the Adjusted Term SOFR plus 7% plus a credit adjustment spread. Company has option to pay interest in kind at a rate equal to 4% rather than in cash. As of December 30, 2024 the effective interest rate was 14.92%.     | -                    | 10,436               |
| Deferred issuance costs and discount, net                                                                                                                                                                                                                                                                                  | (2,229)              | (341)                |
| Total debt                                                                                                                                                                                                                                                                                                                 | 105,685              | 92,059               |
| Less: current maturities                                                                                                                                                                                                                                                                                                   | (3,235)              | (1,788)              |
| Total debt, less current maturities                                                                                                                                                                                                                                                                                        | \$ 102,450           | \$ 90,271            |

On August 26, 2025 (the "Amendment Effective Date"), the Company entered into a Refinancing Amendment (the "Refinancing") to its existing Credit Agreement. The Refinancing Amendment refinanced and repaid in full the Company's previously outstanding Last-Out Term Loans and First-Out Delayed Draw Term Loans and replaced them with new term loan facilities in the amount of \$104 million (the "2025 Refinancing Term Loans"). The Company also entered into a delayed draw term loan facility with total commitments of \$15 million (the "2025 DDTL"). As of December 29, 2025 the Company had no outstanding balance from the 2025 DDTL. The 2025 DDTL bears interest at an alternative base rate plus an applicable margin, or an adjusted SOFR rate plus an applicable margin. The Company has the option to pay interest in kind as well for the DDTL.

The 2025 Amendment resulted in an extinguishment of \$3.1 million of loan costs. In addition, the company was required to pay a \$6.3 million prepayment penalty on the old loans, which is included in the interest expense line item in the accompanying consolidated statements of operations. As a result of this refinancing in 2025, the Company incurred approximately \$2.0 million of debt discount and \$0.2 million of deferred financing costs which are recognized in long-term debt in the accompanying consolidated balance sheets. These costs are being amortized over the term of the new loan.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

The Credit Agreement is inclusive of the First Lien Loan and the New Money Loan. The terms of the repayment of the debt outstanding under the Credit Agreement allow for the First Lien Loan up to \$25 million in New Money Loans and \$75 million in Last Out Loans plus the issuance of 40% and 55% equity in Topco, respectively.

The New Money Loan accrues interest at a floating rate, to be determined at the Company's option, of either an alternative base rate plus 6% per annum or the Adjusted Term Secured Overnight Financing Rate plus 7% per annum plus a credit adjustment spread with the option to pay interest at a rate equal to 4% per annum in kind rather than in cash.

The Company's debt obligations under the Credit Agreement, including consideration of the Refinancing Amendment, are collateralized by substantially all the Company's assets and are subject to a maximum leverage ratio. The Company was in compliance with the financial covenant at December 29, 2025 and December 30, 2024.

Payments under debt obligations in effect as of December 29, 2025 for the next five years and thereafter are as follows:

| <u>Fiscal Year Ending</u>                       | <u>Amount</u>     |
|-------------------------------------------------|-------------------|
| 2026                                            | \$ 3,235          |
| 2027                                            | 1,040             |
| 2028                                            | 1,040             |
| 2029                                            | 1,040             |
| 2030                                            | 101,559           |
| Total payments                                  | 107,914           |
| Less: current portion                           | (3,235)           |
| Less: deferred financing cost and discount, net | (2,229)           |
| Non-current portion                             | <u>\$ 102,450</u> |

**NOTE 10 - FINANCING OBLIGATIONS**

Financing obligations consisted of the following as of December 29, 2025 and December 30, 2024:

|                                                                                                                                                              | <u>December 29,<br/>2025</u> | <u>December 30,<br/>2024</u> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Financing obligations relating to sales of restaurants maturing at various dates through October 1, 2039, bearing interest rates ranging from 3.20% to 7.06% | <u>\$ 7,564</u>              | <u>\$ 7,850</u>              |
| Total financing obligations                                                                                                                                  | 7,564                        | 7,850                        |
| Less: current maturities                                                                                                                                     | <u>(62)</u>                  | <u>(67)</u>                  |
| Total financing obligations, less current maturities                                                                                                         | <u>\$ 7,502</u>              | <u>\$ 7,783</u>              |

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

Payments under debt obligations in effect as of December 29, 2025 for the next five years and thereafter are as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>   |
|---------------------------|-----------------|
| 2026                      | \$ 62           |
| 2027                      | 558             |
| 2028                      | 558             |
| 2029                      | 550             |
| 2030                      | 1,258           |
| Thereafter                | <u>4,578</u>    |
| Total payments            | 7,564           |
| Less: current portion     | <u>(62)</u>     |
| Non-current portion       | <u>\$ 7,502</u> |

The Company has several sale-leaseback arrangements in effect for land and buildings for certain store locations. However, these transactions did not qualify for sale accounting under the guidance in ASC 842 and were therefore accounted for as financing transactions. As a result, the Company continues to recognize the restaurant properties on its consolidated balance sheets and has recorded the proceeds received from the buyer-lessor as a financial liability. As of December 29, 2025 and December 30, 2024 there were approximately \$7.6 million and \$7.9 million, respectively, of financing obligations recorded within the accompanying consolidated balance sheets.

**NOTE 11 - INCOME TAXES**

The Company accounts for income taxes in accordance with the provisions of ASC 740, *Income Taxes*, which requires the Company to recognize income tax benefits and expense of the changes in income tax assets and liabilities. Deferred tax assets must be reduced by a valuation allowance in certain circumstances. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of any tax attributes. The deferred tax assets are reviewed periodically for recoverability and valuation allowances are adjusted as necessary. After reviewing all relevant factors, including cumulative losses during the last three years, management believes that it is more likely than not that a portion of the Company's deferred tax assets will not be realized in a future period. As such, as of December 29, 2025 and December 30, 2024, a valuation allowance of \$15.0 million and \$10.2 million, respectively, has been recorded. This represents the adjusted to the amount of deferred tax assets, net of reversing deferred tax liabilities, that management believes will not be realized.

The Company changed its methodology related to reversal of deferred tax liabilities as of December 30, 2024 based an evaluation of the facts and generally accepted accounting practice. The Company previously concluded the life of the brand intangible was indeterminable, and therefore did not use it as a source of realization. The Company changed its methodology as it determined it was appropriate to use the indefinite-life brand intangible as a source of realization for its indefinite life deferred tax assets, including interest limitation carryforwards and deferred tax assets that would become indefinite-life net operating losses in future periods. This resulted in a reduction of the valuation allowance of \$29.6 million as of December 30, 2024.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

Under ASC 740, *Income Taxes*, the tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities recognized with "deferred income tax liabilities" in the accompanying consolidated balance sheets as of December 29, 2025 and December 30, 2024 were as follows:

|                                                                   | For the Year<br>Ended<br>December 29,<br>2025 | For the Year<br>Ended<br>December 30,<br>2024 |
|-------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Deferred tax assets                                               |                                               |                                               |
| Net operating loss carryforwards                                  | \$ 796                                        | \$ 58                                         |
| Business interest limitation carryforward                         | 28,435                                        | 24,472                                        |
| Accruals                                                          | 2,608                                         | 2,184                                         |
| Operating right-of-use assets                                     | 34,062                                        | 36,262                                        |
| Difference between book and tax basis of property and equipment   | 2,610                                         | 3,183                                         |
| Allowance for credit losses                                       | 165                                           | 163                                           |
| Deferred revenue and other                                        | 2,240                                         | 2,291                                         |
|                                                                   | <hr/>                                         | <hr/>                                         |
| Deferred tax assets                                               | 70,916                                        | 68,613                                        |
| Less: valuation allowance                                         | <hr/> (15,047) <hr/>                          | <hr/> (10,188) <hr/>                          |
| Net deferred tax assets                                           | <hr/> 55,869 <hr/>                            | <hr/> 58,425 <hr/>                            |
| Deferred tax liabilities                                          |                                               |                                               |
| Difference between book and tax basis of brands intangible assets | (49,259)                                      | (49,122)                                      |
| Difference between book and tax basis of other intangible assets  | (299)                                         | (452)                                         |
| Operating lease liabilities                                       | (29,988)                                      | (32,839)                                      |
| Other                                                             | <hr/> -                                       | <hr/> 1,620 <hr/>                             |
| Deferred tax liabilities                                          | <hr/> (79,546) <hr/>                          | <hr/> (80,793) <hr/>                          |
| Deferred income tax liabilities, net                              | <hr/> \$ (23,677) <hr/>                       | <hr/> \$ (22,368) <hr/>                       |

The Company has federal and state net operating losses (NOL) carryforwards. Losses available to offset future federal taxable income were \$2.8 million as of December 31, 2025. NOL's available to offset state future taxable income were \$5.1 and \$1.9 million as of December 31, 2025 and 2024, respectively. Federal losses have an indefinite life and state losses begin to expire in 2043.

**Net Operating Losses**

In connection with the Out-of-Court Restructuring that closed on June 16, 2023, Burger Bossco is subject to the Internal Revenue Code ("IRC") Section 382 for a change in ownership. The Company believes the annual limitation will restrict the utilization of the Company's IRC Section 163(j) interest expense attribute.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

Income tax (benefit) expense consisted of the following:

|                                    | For the Year<br>Ended<br>December 29,<br>2025 | For the Year<br>Ended<br>December 30,<br>2024 |
|------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Current                            |                                               |                                               |
| State                              | \$ 190                                        | \$ 308                                        |
| Federal                            | (122)                                         | 929                                           |
|                                    | 68                                            | 1,237                                         |
| Deferred                           |                                               |                                               |
| State                              | 965                                           | (3,113)                                       |
| Federal                            | 343                                           | (22,847)                                      |
|                                    | 1,307                                         | (25,960)                                      |
| Total income tax expense (benefit) | <u>\$ 1,376</u>                               | <u>\$ (24,723)</u>                            |

The following is a reconciliation of the income tax (benefit) expense computed by applying the federal statutory income tax rate to "loss before income tax benefit" to the "income tax benefit" shown in the accompanying consolidated statements of operations:

|                                                                       | For the Year<br>Ended<br>December 29,<br>2025 | For the Year<br>Ended<br>December 30,<br>2024 |
|-----------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Federal income tax benefit computed at statutory rate                 | \$ (4,126)                                    | \$ (727)                                      |
| State and local income tax benefit, net of federal income tax benefit | (576)                                         | 9                                             |
| Permanent differences and other                                       | 760                                           | 841                                           |
| Return to provision                                                   | (40)                                          | -                                             |
| Unrecognized tax benefits                                             | -                                             | (109)                                         |
| Other                                                                 | -                                             | 577                                           |
| Deferred tax asset write-off                                          | 670                                           | 3,305                                         |
| State tax rate change                                                 | 14                                            | 159                                           |
| Payable adjustment                                                    | (184)                                         | -                                             |
| Change in deferred tax asset valuation allowance                      | 4,858                                         | (28,778)                                      |
| Total income tax expense (benefit)                                    | <u>\$ 1,376</u>                               | <u>\$ (24,723)</u>                            |

The Company is involved in various tax matters that involve various degrees of uncertainty with respect to the ultimate outcome and records a liability or reduces a deferred tax asset for unrecognized tax benefits for such matters as required by the provisions of ASC 740, Income Taxes.

For the period ended December 29, 2025, and December 30, 2024, the Company did not have any unrecognized tax benefits.



## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

December 29, 2025 and December 30, 2024

The Company is subject to tax in U.S federal and various state and local jurisdictions. The Company is subject to U.S. federal, state or local income tax examinations in material jurisdictions for tax years beginning 2022 to the current year.

The One Big Beautiful Bill Act ("The Act") was enacted on July 4, 2025 and includes significant changes to U.S. federal income tax law. Changes include extending and modifying certain provisions of the Tax Cuts and Jobs Act, restoration or expansion of certain business deductions, and modification to the limitation on the deductibility of business interest expense. The Act has multiple effective dates, with provisions effective in 2025 through 2027. The Company evaluated the provisions of the Act, including changes related to the limitation on business interest expense and the timing of deductions for domestic research and experimentation expenditures. The enactment of The Act did not have a material impact on the Company's income tax provision or cash tax position for the year ended December 31, 2025.

#### NOTE 12 - STOCKHOLDERS' EQUITY

##### *Equity-Based Compensation Plan*

On August 25, 2023 (Successor), Topco created a new management incentive plan, "Management Incentive Plan," which authorized Topco to issue various equity awards to managers and executives of Topco and its consolidated subsidiaries. Equity awards authorized to be issued include class B units ("Class B Units"), phantom units, options, warrants, and other securities convertible into Class B units of Topco. For the fiscal year ended December 29, 2025 the only awards issued were for Class B Units. Class B Units are profit-sharing interests that participate in earnings upon reaching a contractual hurdle rate.

As of December 29, 2025 and December 30, 2024, under the Management Incentive Plan, 1,111,111 Class B Units were authorized to be issued. During the fiscal year ended December 29, 2025, 124,445 Class B Units were included in awards granted to employees of Topco and 180,999 Class B Units are available for grant as of December 29, 2025. During the fiscal year ended December 30, 2024, 435,555 Class B Units were included in awards granted to employees of Topco and 376,667 Class B Units are available for grant as of December 30, 2024.

##### Awards for Class B Units

For the awards issued, 50% of the Class B Units are service-based and vest evenly over the first to fifth anniversaries of the grant date. The remaining 50% of the Class B units are performance-based which will vest upon a Liquidity Event. A Liquidity Event is defined within the Management Incentive Plan as the sale, or similar type transaction, of Topco. Upon the occurrence of a Liquidity Event, all unvested service-based units will become fully vested. The Management Incentive Plan further defines Specified Event(s), such as termination for cause, that will result in the automatic forfeiture of all vested and unvested shares without consideration.

The Company records the resulting stock-compensation expense for service-based units ratably over the five-year period and the performance-based units, as well as any expense for unvested service-based Class B Units, upon the occurrence of a Liquidity Event. The stock-based compensation expense recorded is based upon the fair value of the Class B Units which was calculated using the Black-Scholes Model as of the grant date of these awards.

The Company has elected to use the practical expedient under ASU 2021-07 which allows a nonpublic entity to determine the current price input of a share option using the "reasonable application of a reasonable valuation method," which is determined as of the award's measurement date, taking into consideration certain factors as required by the guidance.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

During the fiscal year ended December 29, 2025 132,223 awards for Class B Units were granted and 21,778 Class B Units were forfeited. During the fiscal year ended December 30, 2024, 435,555 awards for Class B Units were granted and 477,000 Class B Units were forfeited. The fair value of the awards for Class B Units granted during the years ended December 29, 2025 and December 30, 2024 was determined using the following assumptions:

| <u>Assumption</u>       | <u>Inputs</u> |
|-------------------------|---------------|
| Expected dividend yield | -             |
| Volatility              | 85%           |
| Risk-free interest rate | 4.58%         |
| Expected life in years  | 4.0           |
| Fair value of units     | \$ 4.11       |

Stock-compensation expense recorded under the Management Incentive Plan for the fiscal years ended December 29, 2025 and December 30, 2024 was \$0.3 million and \$0.5 million, respectively.

As of December 29, 2025 the total stock-based compensation cost related to unvested awards not yet recognized is \$4.1 million. Of this total, \$2.9 million relates to performance-based units for which the timing of vesting is uncertain due to the occurrence of a Liquidity Event not being certain as of this date. The remaining \$1.2 million relates to service-based units which are expected to be recognized over a remaining period of five years. The total expected stock compensation cost for the next five years related to unvested service based units not yet recognized is as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>   |
|---------------------------|-----------------|
| 2026                      | \$ 366          |
| 2027                      | 373             |
| 2028                      | 300             |
| 2029                      | 153             |
| 2030                      | 33              |
| Total                     | <u>\$ 1,225</u> |

**NOTE 13 - LEASES**

The Company leases real estate for the operation of its restaurants as well as acts as a sublessor for the operation of certain franchised restaurants. As lessee, the Company is obligated under noncancelable leases, primarily ground leases that in certain instances it also subleases to franchisees. The Company accounts for leases as both a lessee and a lessor in accordance with ASC 842, *Leases*.

***Company as Lessee***

The Company leases land and buildings generally under agreements with terms of, or renewable to, 10 to 30 years. The Company determines the lease term by assuming exercise of renewal options that are reasonably certain to be exercised. The leases are evaluated for classification as operating or finance leases.

The Company has elected the practical expedient to account for lease components and non-lease components as a single lease component for all underlying classes of assets. The leases generally obligate the Company to pay for costs associated with property taxes, insurance and maintenance and are evaluated by the Company as fixed or variable in nature. If it is concluded that they are fixed, they are

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

included in the calculation of the lease liability. Fixed lease costs for operating lease payments are recognized on a straight-line basis over the lease term and are included in the restaurant occupancy costs, franchise support and services expenses, general and administrative expenses, and restaurant retirement costs line items within the accompanying consolidated statements of operations.

The following table provides quantitative information concerning the Company's lease under ASC 842, *Leases*:

|                                                                                          | For the Year<br>Ended<br>December 29,<br>2025 | For the Year<br>Ended<br>December 30,<br>2024 |
|------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------|
| Finance lease expense                                                                    | \$ 2,999                                      | \$ 2,699                                      |
| Amortization of ROU assets                                                               | 1,596                                         | 1,396                                         |
| Interest expense on lease liabilities                                                    | 1,403                                         | 1,303                                         |
| Operating lease expense                                                                  | 15,426                                        | 14,873                                        |
| Variable lease expense                                                                   | 4,392                                         | 3,524                                         |
| Sublease income                                                                          | (1,237)                                       | (2,006)                                       |
| <br>Total net lease cost                                                                 | <br>\$ 21,580                                 | <br>\$ 21,879                                 |
| <br>Other lease information                                                              |                                               |                                               |
| Cash paid for amounts included in the measurement of lease liabilities                   |                                               |                                               |
| Operating cash flows from finance leases                                                 | \$ 1,403                                      | \$ 1,303                                      |
| Operating cash flows from operating leases                                               | 16,263                                        | 17,434                                        |
| Financing cash flows from finance leases                                                 | 900                                           | 582                                           |
| <br>Right-of-use assets obtained (modified) in connection with finance lease liabilities | \$ (1,211)                                    | \$ 7,481                                      |
| Right-of-use assets obtained (modified) in connection with operating lease liabilities   | \$ (457)                                      | \$ 664                                        |
|                                                                                          | December 29,<br>2025                          | December 30,<br>2024                          |
| Weighted average remaining lease term-finance leases                                     | 19.2 years                                    | 20.9 years                                    |
| Weighted average remaining lease term-operating leases                                   | 16.8 years                                    | 18.8 years                                    |
| Weighted average discount rate-finance leases                                            | 3.49%                                         | 4.63%                                         |
| Weighted average discount rate-operating leases                                          | 3.93%                                         | 3.94%                                         |

The Company wrote-off ROU operating lease assets in the amount of \$3.6 million for the fiscal year ended December 29, 2025 due to stores that closed during the year. The Company wrote-off ROU operating lease assets in the amount of \$0.4 million for the fiscal year ended December 30, 2024 due to stores that closed during the year.

During the fiscal year ended December 29, 2025, the Company in connection with refranchising certain restaurants, entered into a series of Assignment and Assumption of Lease Agreements (the "Refranchise Agreement") pursuant to which the Company assigned to certain franchisees all of its right, title, and interest as tenant under each respective lease agreement with respect to the restaurant premises. The Company was contractually released from all obligations and liabilities arising under the lease terms. The assignment

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

resulted in the derecognition of the related right-of-use asset and lease liability as of the effective date of each instance of a Refranchise Agreement. For the fiscal year ended December 29, 2025, the Company recognized a gain on lease assignment of \$0.3 million, which is recorded in the net loss on sale of restaurant line item in the accompanying consolidated statements of operations. This gain is primarily related to the net difference between the carrying amounts of the lease liability and the right-of-use asset derecognized and the recognition of a remaining rental subsidy obligation payable to the assignee through the subsidy end date as defined in each Refranchise Agreement.

In connection with these assignments, the Company remains contingently responsible to the respective landlords for the franchisees' performance under the assigned leases through the expiration dates of the leases. While the franchisees have assumed all obligations under the leases and are required to indemnify the Company for any amounts paid by the Company on their behalf, the Company may, at its discretion, perform lease obligations, including the payment of rent, in the event a franchisee fails to perform.

The Company's guarantee obligations generally extend through the remaining lease terms, at which time the Company is contractually released from further obligations under the leases and the landlords are expected to enter into new lease agreements directly with the franchisees. The Company has determined that the likelihood of being required to perform under these guarantees is remote due to the franchisees' contractual assumption of the leases, indemnification provisions in favor of the Company, and the Company's historical experience. Accordingly, no liability has been recorded in the accompanying consolidated balance sheets as of the reporting date.

Certain leases contain contingent rental provisions based on percentages of gross sales if an established threshold is met. Contingent rent expenses are considered to be variable and are recognized once minimum sales volume is expected to be achieved. Contingent rent expense was not material for the fiscal years ended December 29, 2025 and December 30, 2024.

During the fiscal year ended December 29, 2025, the Company experienced a decrease of approximately \$4.8 million in Finance lease right-of-use assets and a decrease of approximately \$2.9 million in Finance lease liabilities. This decrease is primarily due to a market adjustment of the Company's leases as well as the impairment loss recognized as a part of the Company's store level impairment analysis. During the fiscal year ended December 30, 2024, the Company experienced an increase of approximately \$8.2 million in Finance lease right-of-use assets and an increase of approximately \$7.1 million in Finance lease liabilities. This increase was primarily due to the renewals of existing finance lease arrangements for land properties. The Company continues to monitor its lease obligations and ensures compliance with all relevant accounting standards and lease agreements.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**December 29, 2025 and December 30, 2024**

The Company classifies the current lease liability by applying the liability's effective interest rate to the total contractual payments that are due within the next 12 months. A maturity analysis of annual undiscounted cash flows for lease liabilities under noncancelable leases as of December 29, 2025, is as follows (in thousands):

| <u>Fiscal Year</u>                | <u>Operating<br/>Leases</u> | <u>Finance<br/>Leases</u> |
|-----------------------------------|-----------------------------|---------------------------|
| 2026                              | \$ 9,504                    | \$ 996                    |
| 2027                              | 12,957                      | 2,369                     |
| 2028                              | 12,538                      | 2,445                     |
| 2029                              | 11,626                      | 2,479                     |
| 2030                              | 10,965                      | 2,468                     |
| Thereafter                        | 131,661                     | 37,150                    |
|                                   | <hr/>                       | <hr/>                     |
| Total undiscounted lease payments | 189,251                     | 47,907                    |
| Less: interest                    | <hr/> (52,648) <hr/>        | <hr/> (15,804) <hr/>      |
| Present value of lease payments   | <hr/> \$ 136,603 <hr/>      | <hr/> \$ 32,103 <hr/>     |

***Company as Lessor***

The Company subleases land and buildings associated with the sale of certain Company-operated restaurants with terms of, or renewable to, 10 to 15 years with no option to purchase. The Company determines the sublease term by assuming exercise of renewal options that are reasonably certain to be exercised. The Company continues to be responsible for the rent payments to the original lessors. The subleases are evaluated for classification as operating, direct financing or sales-type leases. The Company has elected the practical expedient to account for lease components and non-lease components as a single lease component for all underlying classes of assets. The subleases generally obligate the sublessee to pay for costs associated with property taxes, insurance and maintenance costs and are considered to be variable. Variable sublease rental income recorded for the fiscal years ended December 29, 2025 and December 30, 2024, was \$0.1 million and \$0.1 million, respectively.

The Company is the sublessor on operating leases. The revenue from these subleases is recorded in franchise fees and other income in the accompanying consolidated statements of operations. Sublease rental income recorded for the fiscal years ended December 29, 2025 and December 30, 2024, was \$1.2 million and \$2.0 million, respectively.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

***Maturity Analysis of Lease Receivables - Lessor***

| <u>Fiscal Year Ending</u>           | <u>Operating<br/>Leases</u> |
|-------------------------------------|-----------------------------|
| 2026                                | \$ 1,462                    |
| 2027                                | 1,095                       |
| 2028                                | 674                         |
| 2029                                | 413                         |
| 2030                                | 284                         |
| Thereafter                          | <u>202</u>                  |
| Total future minimum lease receipts | <u>\$ 4,130</u>             |

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

***Self-Insurance***

The Company is partially self-insured for a portion of its expected losses under its workers' compensation and general liability programs. We also carry excess liability limits above the primary coverages as we have determined necessary. We believe we maintain insurance coverage that is customary for businesses of our size and type.

The Company's reserves for both general liability and workers' compensation claims are based, in part, on estimates provided by a third-party specialist of expected losses based on actuarial analysis of historical industry data, as well as the Company's own estimates based on actual historical data. These assumptions are adjusted when warranted by changing circumstances. Should a higher number of claims occur compared to original estimates or if the cost of those claims is higher than anticipated, liabilities for self-insurance may not be sufficient and additional expense may be recorded. Should the actual claims experience be more favorable than estimated, a resulting expense reduction may be recorded. The Company maintained a \$1.8 million and \$2.1 million letter of credit as of December 29, 2025 and December 30, 2024, respectively, as collateral securing general liability claims and self-insured workers' compensation claims until they are settled. The Company is also self-insured, subject to umbrella policies, for health care claims for eligible participating employees, subject to certain deductibles and limitations. The liabilities for self-insurance are presented on an undiscounted basis in the accompanying consolidated balance sheets. The self-insurance balances as of December 29, 2025 and December 30, 2024 were \$6.2 million and \$4.3 million, respectively.

***Litigation***

From time to time, we are involved in legal proceedings arising in the ordinary course of business relating to matters including, but not limited to, disputes with franchisees, suppliers, employees (including pursuant to employment discrimination and wage and hour laws) and customers, as well as disputes over intellectual property. We do not expect the outcome of pending litigation to have a material impact on our business or consolidated financial position, although it may have a material impact on our consolidated results of operations in any particular annual year.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**  
**December 29, 2025 and December 30, 2024**

**NOTE 15 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through April 7, 2026, the date the financial statements were available to be issued.

Effective March 30, 2026 the Company executed a third amendment for the 2025 Refinancing Terms Loans which extended the maturity date for both 2025 Refinancing Term Loans and 2025 DDTL to February 26, 2031. In addition, effective March 27, 2026, the Company drew on its 2025 DDTL for a total of \$8.5 million.

# Consolidated Financial Statements and Report of Independent Certified Public Accountants

## **Checkers Drive-In Restaurants, Inc. and Subsidiaries**

As of December 30, 2024 (Successor) and  
January 1, 2024 (Successor), the year ended  
December 30, 2024 (Successor), the period from  
June 17, 2023 through January 1, 2024  
(Successor), and the period from January 3, 2023  
through June 16, 2023 (Predecessor)



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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Board of Directors  
Checkers Drive-In Restaurants, Inc. and Subsidiaries

**Opinion**

We have audited the consolidated financial statements of Checkers Drive-In Restaurants, Inc. and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 30, 2024 (Successor) and the related consolidated statement of operations, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 30, 2024 (Successor), and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for opinion**

We conducted our audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US 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.

**Other Matter**

The consolidated financial statements of the Company as of January 1, 2024 (Successor), for the period from June 17, 2023 through January 1, 2024 (Successor) and the period from January 3, 2023 through June 16, 2023 (Predecessor) were audited by other auditors, who expressed an unmodified opinion on those consolidated financial statements in their report dated August 13, 2024.

**Responsibilities of management for the financial statements**

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

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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.

*Grant Thornton LLP*

Tampa, Florida  
April 1, 2025

Checkers Drive-In Restaurants, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

|                                                                                                                               | Successor            |                    |
|-------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
|                                                                                                                               | December 30,<br>2024 | January 1,<br>2024 |
| <b>ASSETS</b>                                                                                                                 |                      |                    |
| <b>Current assets</b>                                                                                                         |                      |                    |
| Cash and cash equivalents                                                                                                     | \$ 15,562            | \$ 12,557          |
| Accounts and notes receivable, net                                                                                            | 7,717                | 7,399              |
| Inventory                                                                                                                     | 2,428                | 2,178              |
| Prepaid expenses                                                                                                              | 5,338                | 5,308              |
| Other current assets                                                                                                          | 799                  | 2,867              |
| Total current assets                                                                                                          | 31,844               | 30,309             |
| <b>Property and equipment, net</b>                                                                                            | 31,679               | 29,309             |
| <b>Operating lease right-of-use assets</b>                                                                                    | 132,807              | 145,380            |
| <b>Finance lease right-of-use assets</b>                                                                                      | 31,231               | 22,632             |
| <b>Intangibles assets, net</b>                                                                                                | 198,723              | 198,849            |
| <b>Favorable leasehold interests</b>                                                                                          | 1,421                | 1,848              |
| <b>Goodwill, net</b>                                                                                                          | 26,872               | 30,037             |
| <b>Other assets</b>                                                                                                           | 1,203                | 2,353              |
| Total assets                                                                                                                  | <u>\$ 455,780</u>    | <u>\$ 460,717</u>  |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                   |                      |                    |
| <b>Current liabilities</b>                                                                                                    |                      |                    |
| Accounts payable                                                                                                              | \$ 3,563             | \$ 2,650           |
| Accrued liabilities                                                                                                           | 13,855               | 13,801             |
| Accrued wages and benefits                                                                                                    | 3,708                | 4,148              |
| Current portion of deferred revenue                                                                                           | 2,652                | 2,717              |
| Current maturities of long-term debt                                                                                          | 1,788                | 1,802              |
| Current maturities of financing obligations                                                                                   | 67                   | 77                 |
| Current portion of accrued self-insurance                                                                                     | 2,365                | 1,640              |
| Current portion of operating lease liabilities                                                                                | 11,490               | 11,742             |
| Current portion of finance lease liabilities                                                                                  | 966                  | 545                |
| Total current liabilities                                                                                                     | 40,454               | 39,122             |
| <b>Deferred income tax liabilities</b>                                                                                        | 22,368               | 48,330             |
| <b>Operating lease liabilities, less current portion</b>                                                                      | 134,307              | 149,180            |
| <b>Finance lease liabilities, less current portion</b>                                                                        | 33,979               | 24,738             |
| <b>Long-term debt, less current maturities</b>                                                                                | 90,271               | 85,812             |
| <b>Financing obligations, less current maturities</b>                                                                         | 7,783                | 7,846              |
| <b>Deferred revenue, less current portion</b>                                                                                 | 6,373                | 6,937              |
| <b>Accrued self-insurance, less current portion</b>                                                                           | 2,020                | 2,211              |
| <b>Unfavorable leasehold interests</b>                                                                                        | 113                  | 169                |
| <b>Other long-term liabilities</b>                                                                                            | 878                  | 1,077              |
| Total liabilities                                                                                                             | 338,546              | 365,422            |
| <b>Commitments and contingencies (Note 15)</b>                                                                                |                      |                    |
| <b>Stockholders' equity</b>                                                                                                   |                      |                    |
| Common stock, \$0.01 par value, 100 shares authorized, issued, and outstanding as of<br>December 30, 2024 and January 1, 2024 | -                    | -                  |
| Additional paid-in capital                                                                                                    | 98,449               | 97,951             |
| Retained earnings (deficit)                                                                                                   | 18,785               | (2,656)            |
| Total stockholders' equity                                                                                                    | 117,234              | 95,295             |
| Total liabilities and stockholders' equity                                                                                    | <u>\$ 455,780</u>    | <u>\$ 460,717</u>  |

The accompanying notes are an integral part of these consolidated financial statements.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands)

|                                                 | <b>Successor</b>                                |                                                                      | <b>Predecessor</b>                                                   |
|-------------------------------------------------|-------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
|                                                 | <b>Year<br/>Ended<br/>December 30,<br/>2024</b> | <b>Period from<br/>June 17,<br/>2023 through<br/>January 1, 2024</b> | <b>Period from<br/>January 3,<br/>2023 through<br/>June 16, 2023</b> |
| <b>Revenues</b>                                 |                                                 |                                                                      |                                                                      |
| Restaurant sales                                | \$ 255,474                                      | \$ 141,217                                                           | \$ 130,191                                                           |
| Franchise and retail royalty revenue            | 35,389                                          | 18,608                                                               | 15,385                                                               |
| Franchise fees and other income                 | 9,518                                           | 5,317                                                                | 4,061                                                                |
| <b>Total revenues</b>                           | <b>300,381</b>                                  | <b>165,142</b>                                                       | <b>149,637</b>                                                       |
| <b>Costs and expenses</b>                       |                                                 |                                                                      |                                                                      |
| Restaurant food and paper costs                 | 81,660                                          | 45,102                                                               | 41,194                                                               |
| Restaurant labor costs                          | 79,230                                          | 44,446                                                               | 38,348                                                               |
| Restaurant occupancy costs                      | 22,378                                          | 11,778                                                               | 11,145                                                               |
| Restaurant depreciation                         | 5,871                                           | 2,524                                                                | 7,529                                                                |
| Other restaurant operating expenses             | 34,053                                          | 20,357                                                               | 17,423                                                               |
| General and administrative expenses             | 39,215                                          | 19,435                                                               | 36,471                                                               |
| Franchise support and service expenses          | 5,226                                           | 3,634                                                                | 1,696                                                                |
| Advertising expense                             | 14,397                                          | 8,077                                                                | 6,810                                                                |
| Other depreciation and amortization             | 3,441                                           | 2,093                                                                | 900                                                                  |
| Restaurant retirement costs                     | 139                                             | 300                                                                  | 596                                                                  |
| Impairment of long-lived assets                 | 2,384                                           | 623                                                                  | 66,633                                                               |
| Net loss on disposal of fixed assets            | 64                                              | 670                                                                  | 839                                                                  |
| <b>Total costs and expenses</b>                 | <b>288,058</b>                                  | <b>159,039</b>                                                       | <b>229,584</b>                                                       |
| <b>Operating income (loss)</b>                  | <b>12,323</b>                                   | <b>6,103</b>                                                         | <b>(79,947)</b>                                                      |
| <b>Other income (expense)</b>                   |                                                 |                                                                      |                                                                      |
| Interest expense                                | (15,789)                                        | (8,134)                                                              | (18,326)                                                             |
| Other income (expense)                          | 3                                               | 1                                                                    | (375)                                                                |
| <b>Total other (expense) income</b>             | <b>(15,786)</b>                                 | <b>(8,133)</b>                                                       | <b>(18,701)</b>                                                      |
| <b>Loss before income tax expense (benefit)</b> | <b>(3,463)</b>                                  | <b>(2,030)</b>                                                       | <b>(98,648)</b>                                                      |
| <b>Income tax expense (benefit)</b>             | <b>(24,723)</b>                                 | <b>540</b>                                                           | <b>(7,542)</b>                                                       |
| <b>Net income (loss)</b>                        | <b>\$ 21,260</b>                                | <b>\$ (2,570)</b>                                                    | <b>\$ (91,106)</b>                                                   |

The accompanying notes are an integral part of these consolidated financial statements.

Checkers Drive-In Restaurants, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(In Thousands)

|                                        | Successor    |                                  |                                   |                                  |
|----------------------------------------|--------------|----------------------------------|-----------------------------------|----------------------------------|
|                                        | Common Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings<br>(Deficit) | Total<br>Stockholders'<br>Equity |
| <b>Balances at June 17, 2023</b>       | \$ -         | \$ -                             | \$ -                              | \$ -                             |
| Contribution from business combination | -            | 97,819                           | -                                 | 97,819                           |
| Stock-based compensation               | -            | 132                              | -                                 | 132                              |
| Co-op retained earnings adjustment     | -            | -                                | (86)                              | (86)                             |
| Net loss                               | -            | -                                | (2,570)                           | (2,570)                          |
| <b>Balances at January 1, 2024</b>     | -            | 97,951                           | (2,656)                           | 95,295                           |
| Stock-based compensation               | -            | 498                              | -                                 | 498                              |
| Co-op retained earnings adjustment     | -            | -                                | 181                               | 181                              |
| Net income                             | -            | -                                | 21,260                            | 21,260                           |
| <b>Balances at December 30, 2024</b>   | <u>\$ -</u>  | <u>\$ 98,449</u>                 | <u>\$ 18,785</u>                  | <u>\$ 117,234</u>                |

The accompanying notes are an integral part of these consolidated financial statements.

Checkers Drive-In Restaurants, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

|                                                                                                                                     | Successor                          |                                                            | Predecessor                                                |
|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
|                                                                                                                                     | Year Ended<br>December 30,<br>2024 | Period from<br>June 17,<br>2023 through<br>January 1, 2024 | Period from<br>January 3,<br>2023 through<br>June 16, 2023 |
| <b>Operating activities:</b>                                                                                                        |                                    |                                                            |                                                            |
| Net income (loss)                                                                                                                   | \$ 21,260                          | \$ (2,570)                                                 | (91,106)                                                   |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities:                                           |                                    |                                                            |                                                            |
| Depreciation and amortization                                                                                                       | 9,312                              | 4,638                                                      | 8,552                                                      |
| Amortization of deferred financing costs                                                                                            | 294                                | 54                                                         | 892                                                        |
| Provision for credit losses                                                                                                         | 582                                | 122                                                        | 94                                                         |
| Deferred income tax expense (benefit)                                                                                               | (25,962)                           | 4                                                          | (7,529)                                                    |
| Noncash operating lease expense, net                                                                                                | 14,873                             | 5,490                                                      | 6,878                                                      |
| Right-of-use asset amortization for finance lease                                                                                   | 2,699                              | 455                                                        | 262                                                        |
| Change in favorable leasehold interests                                                                                             | 427                                | 232                                                        | 146                                                        |
| Change in unfavorable leasehold interests                                                                                           | 56                                 | (31)                                                       | (29)                                                       |
| Noncash stock based compensation                                                                                                    | 498                                | 132                                                        | 5,720                                                      |
| Noncash interest on long-term debt                                                                                                  | 5,201                              | 2,534                                                      | 13,808                                                     |
| Impairment of long-lived assets                                                                                                     | 2,384                              | 623                                                        | 66,633                                                     |
| Net loss on disposal of fixed assets                                                                                                | 64                                 | 670                                                        | 839                                                        |
| Changes in operating assets and liabilities:                                                                                        |                                    |                                                            |                                                            |
| Decrease (increase) in accounts receivable, net                                                                                     | (264)                              | (1,693)                                                    | 221                                                        |
| Decrease (increase) in inventory                                                                                                    | (250)                              | 927                                                        | (564)                                                      |
| Decrease (increase) in prepaid expenses                                                                                             | (30)                               | (1,618)                                                    | 1,137                                                      |
| Decrease (increase) in other current assets                                                                                         | 1,881                              | (1,241)                                                    | 105                                                        |
| Decrease in other noncurrent assets                                                                                                 | 1,150                              | 231                                                        | 602                                                        |
| (Decrease) increase in accounts payable                                                                                             | 582                                | (16)                                                       | (247)                                                      |
| (Decrease) increase in accrued liabilities, accrued wages and benefits, deferred revenue, self-insurance, and long-term liabilities | (680)                              | (7,774)                                                    | 9,416                                                      |
| Change in operating lease liabilities                                                                                               | (17,434)                           | (8,154)                                                    | (8,250)                                                    |
| Other changes, net                                                                                                                  | (793)                              | (237)                                                      | (584)                                                      |
| Net cash provided by (used in) operating activities                                                                                 | 15,850                             | (7,222)                                                    | 6,996                                                      |
| <b>Investing activities:</b>                                                                                                        |                                    |                                                            |                                                            |
| Capital expenditures                                                                                                                | (10,024)                           | (7,269)                                                    | (5,513)                                                    |
| Net cash used in investing activities                                                                                               | (10,024)                           | (7,269)                                                    | (5,513)                                                    |
| <b>Financing activities:</b>                                                                                                        |                                    |                                                            |                                                            |
| Payment for debt issuance costs                                                                                                     | -                                  | (500)                                                      | -                                                          |
| Principal payments on long-term debt                                                                                                | (812)                              | (1,304)                                                    | (1,360)                                                    |
| Principal payments on financing obligations                                                                                         | (73)                               | (47)                                                       | (400)                                                      |
| Repayments on finance lease liabilities                                                                                             | (1,885)                            | (254)                                                      | (159)                                                      |
| Proceeds from short-term financing                                                                                                  | 1,464                              | 1,540                                                      | -                                                          |
| Payment on short-term financing                                                                                                     | (1,515)                            | -                                                          | -                                                          |
| Proceeds from the issuance of long-term financing                                                                                   | -                                  | 10,000                                                     | -                                                          |
| Net cash (used in) provided by financing activities                                                                                 | (2,821)                            | 9,435                                                      | (1,919)                                                    |
| <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS</b>                                                                            | 3,005                              | (5,056)                                                    | (436)                                                      |
| <b>Cash, cash equivalents, and restricted cash at beginning of period</b>                                                           | 12,557                             | 17,613                                                     | 18,049                                                     |
| <b>Cash, cash equivalents, and restricted cash at end of period</b>                                                                 | <u>\$ 15,562</u>                   | <u>\$ 12,557</u>                                           | <u>\$ 17,613</u>                                           |
| <b>Supplemental disclosure of cash flow information:</b>                                                                            |                                    |                                                            |                                                            |
| Cash paid for interest                                                                                                              | \$ 7,859                           | \$ 4,619                                                   | \$ 458                                                     |
| Income taxes paid, net of refunds                                                                                                   | 558                                | 18                                                         | 43                                                         |
| <b>Non-cash activities:</b>                                                                                                         |                                    |                                                            |                                                            |
| Non-cash right-of-use assets obtained in exchange for operating leases                                                              | \$ 664                             | \$ 1,006                                                   | \$ 1,058                                                   |
| Non-cash right-of-use assets obtained in exchange for finance leases                                                                | 7,481                              | 8,283                                                      | 7,808                                                      |
| Purchased capital assets on account                                                                                                 | 331                                | 300                                                        | 760                                                        |
| Financed insurance premiums                                                                                                         | 1,741                              | (1,540)                                                    | (518)                                                      |
| Non-cash interest                                                                                                                   | 5,201                              | 2,534                                                      | 13,808                                                     |

The accompanying notes are an integral part of these consolidated financial statements.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - DESCRIPTION OF BUSINESS PURPOSE AND ORGANIZATION**

Checkers Drive-In Restaurants, Inc. ("Checkers", "CDI", the "Company", "we", "our", or "us"), owns and operates and franchises quick service restaurants in the United States under two similar operating brands, Checkers and Rally's ("Checkers" and "Rally's").

As of December 30, 2024 (Successor) and January 1, 2024 (Successor) there were approximately 230 and 240 corporate owned locations, respectively. As of December 30, 2024 (Successor) and January 1, 2024 (Successor) there were approximately 530 and 550 franchise owned locations, respectively.

We have a national footprint under our Checkers and Rally's brands, with strongholds in the Southeast, Mid-Atlantic and Midwest, as well as a footprint in the western United States, including California, Nevada and Arizona. Throughout our system of restaurants, we are known for our signature buildings and design that evoke timeless American imagery and for providing customers with bold and flavorful food at an attractive value.

CDI was founded in 1986 in Mobile, Alabama, with a mission to provide customers with a bold and flavorful alternative to the standard burgers served by large hamburger quick service restaurant chains. We have focused on, and continue to provide, a differentiated menu with robust made-to-order offerings, delivered to customers at an exceptional value.

In September 1991, CDI was incorporated as a Delaware corporation. We conduct business under our corporate name and the names Checkers and Rally's. We have owned, operated and franchised Checkers restaurants since 1991 and Rally's restaurants since our merger with Rally's in August 1999.

***Basis of Presentation and Principles of Consolidation***

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The consolidated financial statements present the results of the operations, financial position and cash flows of CDI, and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. We consolidate all entities where the Company is deemed to have a controlling or voting financial interest, including those that are wholly owned subsidiaries.

As a result of the Out-of-Court Restructuring as further discussed below and in Note 4 - Business Combination, periods prior to June 16, 2023 reflect the financial statements of CDI prior to the Out-of-Court Restructuring, (referred to herein as "Predecessor"). The period subsequent to June 16, 2023 reflects the financial statements of CDI after the Out-of-Court Restructuring (referred to herein as "Successor"). As the Out-of-Court Restructuring resulted in a change in control of CDI's parent, the Company elected to apply pushdown accounting, thus assets and liabilities were recorded at their fair values at the date of the Out-of-Court Restructuring. Due to the changes in the accounting basis of assets and liabilities, the Successor and Predecessor financial statements are not necessarily comparable. Where applicable, a black line separates the Successor and Predecessor periods to highlight the lack of comparability.

***Predecessor***

On April 25, 2017, pursuant to the merger agreement (the "Merger Agreement") dated as of March 18, 2017, among Checkers Holdings, Inc. ("Holdings"), Oak Hill Capital Partners IV (Onshore), L.P., a Cayman Islands Exempted Limited Partner ("OHCP") and Burger BossCo, Inc ("Burger BossCo")., a Delaware corporation and a wholly owned subsidiary of OHCP ("Merger Sub") formed solely for the purpose of entering into the merger, Holdings was acquired by Merger Sub (the "Merger"). Following the Merger, Checkers and Rally's Restaurants, Inc. ("CRRI") merged with and into Holdings, with Holdings surviving such merger and becoming CDI's immediate parent. Pursuant to the Assignment and Assumption Agreement dated as of April 25, 2017, OHCP assigned all of its rights and future performance obligations



## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

under the Merger Agreement to Burger BossCo, a Delaware corporation that was established solely to consummate the acquisition. Pursuant to Amendment One to the Merger Agreement, Merger Sub merged with and into Holdings with Holdings as the surviving corporation. As a result of such merger, Holdings became a wholly owned subsidiary of Burger BossCo, which was a wholly owned subsidiary of Burger BossCo Holdings, Inc. ("BossCo Holdings" or "Parent"). BossCo Holdings was a holding company controlled by various funds operated by Oak Hill Capital Partners ("Oak Hill").

#### **Successor**

On June 5, 2023, Burger BossCo, Holdings, CDI, and certain of their affiliates commenced solicitation of consents to an out-of-court restructuring of the capital structure of Burger BossCo (the "Out-of-Court Restructuring") from holders of (a) loans under that certain Amended and Restated First Lien Credit Agreement, dated as of August 21, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "First Lien Credit Agreement" and such loans, the "First Lien Loans"), by and among Holdings, Burger BossCo, the lenders from time to time party to the First Lien Credit Agreement (the "First Lien Lenders"), and Jefferies Finance LLC, as administrative agent and collateral agent for the First Lien Lenders, and (b) loans under that certain Amended and Restated Second Lien Credit Agreement, dated as of August 21, 2019 (as amended, restated, supplemented or otherwise modified from time to time, the "Second Lien Credit Agreement" and such loans, the "Second Lien Loans"), by and among Holdings, Burger BossCo, the lenders from time to time party to the Second Lien Credit Agreement (the "Second Lien Lenders"), and Wilmington Trust, National Association, as administrative agent and collateral agent for the Second Lien Lenders. Checkers obtained consents to the Out-of-Court Restructuring from all of the First Lien Lenders and all of the Second Lien Lenders and consummated the Out-of-Court Restructuring on June 16, 2023, whereby Burger BossCo and its subsidiaries were deconsolidated from BossCo Holdings, newly issued equity of Burger BossCo was issued to Checkers Topco, LLC ("Topco"), the secured creditors of Holdings and Burger BossCo acquired all of the equity of Topco, and the equity of Burger BossCo owned by BossCo Holdings was repurchased by Burger BossCo for a nominal amount.

As part of the Out-of-Court Restructuring, each First Lien Lender was provided with the right to elect to provide up to pro rata share of commitments to make \$25 million in "First-Out Delayed Draw Term Loans" ("New Money Loans") under that certain Credit Agreement, dated as of June 16, 2023 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement" and such commitments, the "New Money Commitments"), by and among Holdings, CDI, Burger BossCo, the persons party thereto from time to time as "Lenders" thereunder, and Jefferies Finance LLC, as the administrative agent and the collateral agent for such lenders. The New Money Loans accrue interest at a floating rate, which can be, at the Company's option, (x) an alternative base rate plus 6.00% per annum or (y) the Adjusted Term Secured Overnight Financing Rate plus 7.00% per annum plus a credit adjustment spread. The Company has the option to pay interest on the New Money Loans that has accrued at a rate equal to 4.00% per annum in kind, rather than in cash. The New Money Loans mature on June 16, 2027. Additionally, the Company is required to make recurring quarterly principal payments on the New Money Loans in the amount equivalent to 0.25% of the original principal amount which may increase upon additional borrowings. The remainder of the principal amount is due upon maturity. Upon each principal repayment, the Company is required to pay a contractual premium, equal to (i) prior to the first anniversary, a make-whole provision calculated as a discounted amount of remaining interest payments prior to the first anniversary (ii) 7% on or after the first anniversary, but prior to the second anniversary, (iii) 5% on or after the second anniversary, but prior to the third anniversary, and (iv) 3% on or after the third anniversary.

Pursuant to the Out-of-Court Restructuring, each First Lien Lender exchanged all of its First Lien Loans for (i) if such First Lien Lender did not elect to provide New Money Commitments, its pro rata share of (a) 55% of the equity of Topco and (b) \$75 million in "Last-Out Term Loans" under the New Credit Agreement (the "Second Out Loans"), or (ii) if such First Lien Lender did elect to provide New Money Commitments, (a) its pro rata share of 55% of the equity of Topco, (b) its pro rata share of Second Out Loans, (c) its adjusted pro rata share (based on the amount of New Money Commitments provided by such First Lien Lender) of 40% of the equity of Topco and (d) the amount of New Money Loans funded by such First Lien Lender on the effective date of the Out-of-Court Restructuring pursuant to its New Money Commitments. The Second

## **Checkers Drive-In Restaurants, Inc. and Subsidiaries**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

Out Loans accrue interest at a floating rate, which can be, at the Company's option, (x) an alternative base rate plus 8.00% per annum or (y) the Adjusted Term Secured Overnight Financing Rate plus 9.00% per annum plus a credit adjustment spread. The Company has the option to pay interest on the Second Out Loans that has accrued at a rate equal to 6.00% per annum in kind, rather than in cash. The Second Out Loans mature on June 16, 2028. Additionally, the Company is required to make recurring quarterly principal payments on the Second Out Loans in the amount equivalent to 0.25% of the original principal amount. The remainder of the principal amount is due upon maturity. Upon each principal repayment, the Company is required to pay a contractual premium, equal to (i) prior to the first anniversary, a make-whole provision calculated as a discounted amount of remaining interest payments prior to the first anniversary (ii) 8% on or after the first anniversary, but prior to the second anniversary, (iii) 7% on or after the second anniversary, but prior to the third anniversary, and (iv) 5% on or after the third anniversary, and (v) 3% on or after the fourth anniversary.

Pursuant to the Out-of-Court Restructuring, each Second Lien Lender exchanged all of its Second Lien Loans for its pro rata share of 5% of the equity of Topco.

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### ***Use of Estimates***

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Fiscal Year***

The Company's fiscal reporting periods consist of 52 or 53 weeks ending on the Monday closest to December 31. References included herein to "year" or "years" ended represent fiscal years. The fiscal year ended December 30, 2024 consisted of 52 weeks. The periods January 3, 2023 to June 16, 2023 and June 17, 2023 to January 1, 2024 consisted of 24 and 28 weeks, respectively.

Due to the presentation of the Successor and Predecessor periods, the fiscal year ended December 30, 2024 refers to the period from January 2, 2024 through December 30, 2024 (Successor) and the period ended January 1, 2024 refers to the period from June 17, 2023 to January 1, 2024 (Successor). The period ended June 16, 2023 refers to the period from January 3, 2023 to June 16, 2023 (Predecessor).

##### ***Cash and Cash Equivalents***

The Company considers all highly liquid instruments with original maturities of three months or less to be cash equivalents. The Company maintains cash and cash equivalent balances with financial institutions in excess of federal insured limits. The Company has not experienced any losses related to these balances, and it believes credit risk to be minimal.

The Company has restricted cash balances related to certain letters of credit and debt arrangements and are presented within cash and cash equivalents on the consolidated balance sheets. Restricted cash balances as of December 30, 2024 (Successor) and January 1, 2024 (Successor) were \$2.5 million and \$2.6 million, respectively.

##### ***Accounts and Notes Receivable, Net***

Receivables consist primarily of franchise royalties, franchise fees, sublease rents, delivery sales receivables, and retail royalties. These amounts are recorded net of an allowance for credit losses. Franchisee related accounts receivable are due within 10 days of billing and in some instances, we draw the funds directly from the franchisee's bank account on a predetermined day. Although the Company

## **Checkers Drive-In Restaurants, Inc. and Subsidiaries**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

maintains an allowance for credit loss, the majority of the balance relates to specific accounts where collection is not expected. The reserves are established using the specific identification method based on our best estimate of the collectible balance. When determining collectability, we evaluate the debtor's financial condition, the historical experience with the debtor, and the pledged security interest value, if any. The Company has traditionally experienced a high rate of collection as the franchise agreements frequently provide remedy to the Company in the event of the franchisee's default on outstanding balances through a security interest in the assets of the business when a sublease is in place or through a personal guarantee of the franchisee.

Notes receivable consist of funds extended to franchisees as consideration for the sale of restaurants and repayment terms on past due rents and royalties. Specific allowances are established when collection is no longer deemed likely. With respect to secured notes, the assets of the associated restaurant often act as collateral. In the event of default, the Company has the option to acquire the restaurant assets, with the balance of the outstanding notes included in the consideration provided by the Company. However, not all notes are collateralized. Interest on outstanding notes is charged according to the terms of the promissory note and is recognized on a period basis over the term of the note.

#### ***Inventory***

Inventory consists of food and paper packaging. Inventory is stated at the lower of cost (first-in, first-out basis) or net realizable value.

#### ***Business Combination***

The Company applies the provisions of Accounting Standards Codification ("ASC") 805, *Business Combinations*, in accounting for business combination transactions. ASC 805 requires the Company to recognize separately from goodwill the assets acquired, and the liabilities assumed at their acquisition date fair values. Goodwill, if any, as of the acquisition date is measured as the excess of consideration transferred over the net of the acquisition date fair values of the assets acquired and liabilities assumed.

Estimated consideration transferred in connection with the Out-of-Court Restructuring is allocated to the assets acquired and liabilities assumed based on their fair values as of the date of the Out-of-Court Restructuring, including identifiable intangible assets. The fair value determinations require judgment and involve the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discounts rates, and market multiples, among other items.

#### ***Property and Equipment, Net***

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated over the lesser of their estimated useful lives (generally 10 years) or the remaining lease term. Maintenance and repairs are expensed as incurred. Impairment testing is performed at the enterprise level upon the occurrence of a triggering event indication that the fair value of the Company might be less than its carrying amount. When a triggering event occurs, the Company has the option to perform a qualitative assessment to determine whether a quantitative test is needed. If that assessment demonstrates that it is more likely than not that an impairment does not exist, no further testing is required. If impairment of property and equipment is more likely than not, a quantitative test is required that compares the fair value of the Company with its carrying amount. If the carrying amount exceeds fair value, that amount represents the impairment loss to be recognized, up to the carrying amount of property and equipment. Refer to Note 8 - Property and Equipment, Net for further information.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

***Goodwill, Net***

Goodwill represents the excess of the consideration transferred over the net of the acquisition date fair values of the assets acquired and liabilities assumed in a business combination. Goodwill is primarily attributable to the deferred tax liability created by the business combination. The Company elected to amortize the goodwill over a 10-year period on a straight-line basis. Impairment testing is performed at the enterprise level upon the occurrence of a triggering event indication that the fair value of the Company might be less than its carrying amount. When a triggering event occurs, the Company has the option to perform a qualitative assessment to determine whether a quantitative test is needed. If that assessment demonstrates that it is more likely than not that an impairment does not exist, no further testing is required. If impairment of goodwill is more likely than not, a quantitative test is required that compares the fair value of the Company with its carrying amount. If the carrying amount exceeds fair value, that amount represents the impairment loss to be recognized, up to the carrying amount of goodwill. Refer to Note 9 - Goodwill and Intangible Assets, Net for further information.

***Definite-Lived Intangible Assets***

Definite-lived intangible assets, principally franchise agreements are amortized on a straight-line basis over their estimated useful lives of 15 years (see Note 9 - Goodwill and Intangible Assets, Net). The Company assesses definite-lived intangibles for impairment on an annual basis, or upon the existence of events or conditions which indicate that the asset may not be recoverable.

***Indefinite-Lived Intangible Assets***

The Company assesses the impairment of indefinite-lived intangible assets, which consist of tradename intangibles, on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When evaluating potential impairment indicators, the Company considers qualitative factors such as significant industry or economic trends that could negatively affect the Company's business. If that assessment demonstrates that it is more likely than not that an impairment does not exist, no further testing is required. If impairment is deemed to be more likely than not, a quantitative test is required that compares the fair value of the Company with its carrying amount. If the carrying amount exceeds fair value, that amount represents the impairment loss to be recognized.

***Leases***

The Company leases real estate for the operation of its restaurants as well as acts as a sublessor for the operation of certain franchised restaurants. As lessee, the Company is obligated under certain noncancelable leases, primarily ground leases that in certain instances it also subleases to franchisees. The Company accounts for leases as both a lessee and a lessor in accordance with ASC 842, *Leases*.

The Company classifies its lease arrangements at inception as either operating leases or finance leases. A lease is classified as a finance lease if at least one of the following criteria is met: (1) the lease transfers ownership of the underlying asset to the lessee, (2) the lease grants the lessee an option to purchase the underlying asset that the lessee is reasonably certain to exercise, (3) the lease term is for a major part of the remaining economic life of the underlying asset, (4) the present value of the sum of the lease payments equals or exceeds substantially all of the fair value of the underlying asset, or (5) the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease is classified as an operating lease if none of the five criteria described above for finance lease classification is met. We determine if an arrangement is a lease at inception of the contract. Our right-of-use ("ROU") assets represents our right to use the underlying assets for the lease term and our lease liabilities represent our obligation to make lease payments arising from the leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Company's lease arrangements consist of real estate operating and finance leases for restaurant locations and corporate office space.

## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

The Company uses judgment to determine the lease term, which in turn, impacts the applicable incremental borrowing rate ("IBR") used to calculate the initial lease liability. Management determined the present value of the lease liabilities by using the risk-free rate private company practical expedient which allows the Company to use the US Treasury rate most applicable to the lease term. As of December 30, 2024 (Successor) and January 1, 2024 (Successor), the Company does not have any operating or financing leases for which it is obligated that have not yet commenced.

As of December 30, 2024 (Successor) and January 1, 2024 (Successor), the favorable and unfavorable leasehold interests for lease agreements where the Company was the lessor, are included in favorable leasehold interests and unfavorable leasehold interests in the accompanying consolidated balance sheets.

Per the guidance in ASC 842, favorable and unfavorable leasehold interests for lease agreements where the Company is the lessee are classified in the Operating lease ROU assets, net in the accompanying consolidated balance sheets. The amortization of the ROU assets is recorded in the restaurant occupancy costs line item for Company-operated restaurant locations, in the franchise fees and other income line item for locations subleased to franchisees and in the general and administrative expenses line item for Company headquarters. These line items are presented in the accompanying consolidated statements of operations.

#### ***Prepaid Expenses***

The Company prepays certain expenses such as rent, insurance, maintenance, equipment, software and service agreements for future periods. These amounts are capitalized when paid and amortized over the period in which the services are provided, not exceeding one year.

#### ***Deferred Financing Costs***

Deferred financing costs attributable to funded debt are recorded as a deduction from the related debt balance when incurred and amortized into interest expense using the effective-interest method over the life of the related debt.

For the fiscal period from January 3, 2023 through June 16, 2023 (Predecessor), the Company recognized amortization expense of \$0.9 million of financing costs associated with the modified first lien credit agreement (the "First Lien Credit Agreement") and second lien credit agreement (the "Second Lien Credit Agreement"). As the Out-of-Court Restructuring, including the forgiveness of debt, was accounted for under ASC 805, *Business Combinations*, the Company derecognized previous unamortized debt issuance costs and recognized debt issuance costs incurred for the New Money Loans and Second Out Loans.

For the fiscal year ended December 31, 2024 (Successor) and the period from June 17, 2023 through January 1, 2024 (Successor) the Company amortized \$0.1 million and \$0.1 million of financing costs associated with the New Money Loans and Second Out Loans issued under the Out-of-Court Restructuring. For the same fiscal periods, the Company amortized \$0.2 million and \$0.1 million of financing costs associated with the unfunded commitment associated with the New Money Loans.

#### ***Revenue Recognition***

The Company recognizes revenue when the following criteria are met: 1) Contract with the customer has been identified; 2) Performance obligations in the contract have been identified; 3) Transaction price has been determined; 4) Transaction price has been allocated to the performance obligations; and 5) Revenue is recognized when (or as) performance obligations are satisfied.

The Company disaggregates revenues by type: Restaurant sales, Franchise and retail royalty revenue, and Franchise fees and other income.

## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

The Company's Restaurant sales includes revenues recognized upon delivery of food to the customer at Company operated restaurants. Restaurant sales are recognized upon sale and are presented net of coupons and discounts, sales tax and other sales-related taxes. Restaurant sales also includes revenues recognized upon delivery of food to a third-party delivery company. The revenue is recognized as a receivable from the third-party delivery service and collection is made within three to seven business days.

Franchise and retail royalty revenues includes royalties on sales by franchised restaurants and sales of licensed products in retail stores. Royalties are based on a percentage of sales of the franchised restaurant and sales of licensed products in retail stores which are recognized as earned.

Franchise fees and other income is comprised of franchise fees, transfer fees, and area development fees that are generated from the sale of rights to develop, own and operate restaurants, as well as sublease rental income and revenues from advertising cooperative funds for those respective cooperative funds that are not consolidated. As a sublessor for the operation of certain franchised restaurants, fees for sublease income are also included within franchise fees and other income line item. The Company accounts for leases using the guidance in ASC 842, *Leases*, as well as ASC 606, *Revenue from Contracts with Customers*. See the Note 14 - Leases for further information.

Franchise fees are recorded as deferred revenue when received and recognized as revenue over the contractual term of the franchise agreements once the restaurant has opened.

Area development fees are deferred when received, allocated to each agreed upon restaurant, and recognized as revenue over the contractual term of each respective franchise agreement once the restaurant has opened.

Franchise fees and area development fees are considered highly dependent upon and interrelated with the franchise right granted in the franchise agreement. Transfer fees are fees for selecting pre-approved buyers for franchisee-to-franchisee sales of restaurants. The transfer fees are paid by the new franchisee, deferred when received, and recognized as revenue over the contractual term of the new franchise agreement.

#### ***Stock-Based Compensation***

The Company accounts for stock-based compensation to employees and directors in accordance with ASC 718, *Compensation - Stock Compensation*, which requires the recognition of compensation expense for employee stock options and other share-based payments. Under ASC 718, *Compensation - Stock Compensation*, expense related to employee stock options and other share-based payments is recognized over the relevant service period based on the grant-date fair value of equity-based awards issued to employees and directors. Compensation expense for equity-based awards is generally recognized on a straight-line basis over the requisite service period. Awards that are forfeited prior to vesting do not result in the cumulative recognition of compensation expense. The Company accounts for the impact of forfeitures on stock-based compensation expense as they occur. Refer to Note 13 - Stockholders' Equity for further information.

#### ***Advertising Expense***

The Company expenses advertising costs for on-air advertising at the first time aired and advertising costs for on-lot merchandising on the first day of advertising. To the extent the Company participates in independent advertising cooperatives, the Company expenses contributions as incurred.

Advertising expense does not include expenses incurred for coupons and discounts, which are recorded as reductions to restaurant sales at the time of sale.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

***Income Taxes***

The Company accounts for income taxes based upon the provisions of ASC 740, *Income Taxes*. Under the asset and liability method required by ASC 740, *Income Taxes*, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax assets must be reduced by a valuation allowance when it becomes more likely than not that they will not be realized. Realization of the deferred tax assets is dependent on generating sufficient taxable income in the periods when the deferred tax assets are available to be utilized. The Company has recorded a valuation allowance against the deferred tax assets that are not realizable under this standard. The deferred tax assets are reviewed periodically for recoverability, and valuation allowances are adjusted as necessary. Under ASC 740, *Income Taxes*, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income tax expense or benefit in the period that includes the enactment date.

The Company evaluates uncertain tax positions based upon one of the following conditions: (1) the tax position is not more likely than not to be sustained; (2) the tax position is more likely than not to be sustained, but for a lesser amount; or (3) the tax position is more likely than not to be sustained, but not in the financial period in which the tax position was originally taken. For purposes of evaluating whether or not a tax position is uncertain, (1) the Company presumes the tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information; (2) the technical merits of a tax position are derived from authorities, such as legislation and statutes, legislative intent, regulations, rulings, and case law and their applicability to the facts and circumstances of the tax position; and (3) each tax position is evaluated without consideration of the possibility of offset or aggregation with other tax positions taken. The Company recognizes interest and penalties associated with uncertain tax positions as part of its income tax provision. A number of years may elapse before a particular uncertain tax position is audited and finally resolved or when a tax assessment is raised. Although the outcome of tax audits is always uncertain, the Company believes adequate amounts of tax, including interest and penalties, have been provided for any adjustments that are expected to result from those years.

***Disclosure About Fair Value of Financial Instruments***

The Company applies the guidance in ASC 820, *Fair Value Measurements*, in recording and/or disclosing assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for the specific asset or liability at the measurement date (the exit price). The fair value is required to be based on assumptions that market participants would use when pricing the asset or liability.

The three levels of the valuation hierarchy are based upon the transparency of inputs to the valuation of an asset or liability on the measurement date that are defined as follows:

- Level 1 - Quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

#### ***Recently Issued Accounting Guidance***

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Improvements to Income Tax Disclosures*. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. The new requirements will be effective for annual periods beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. The Company will adopt this standard for reporting periods beginning after December 15, 2025. Management is currently reviewing the impact of the adoption of this accounting standard on the Company's consolidated financial statements.

#### ***Recently Adopted Accounting Guidance***

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, subject to meeting certain criteria that reference a rate that is expected to be discontinued. The amendment applies only to contracts, hedging relationships, and other transactions that utilize a reference rate expected to be discontinued because of reference rate reform. In January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform - Scope*, which clarified the scope and application of the original guidance. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform Deferral of the Sunset Date of Topic 848*, which deferred the sunset date of Topic 848 to December 31, 2024. These ASUs were effective upon issuance, and the Company may elect to apply the amendments prospectively through December 31, 2024 as the transition of reference rates is completed.

On June 16, 2023, the Company modified the reference rate. These modifications replaced the previous LIBOR-based reference rate to SOFR-based rates. Pursuant to the modification of the contractual terms of these instruments, the Company utilized the optional expedients set forth in ASC 848. The modified debt is described in Note 10.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses* that sets forth a current expected credit loss impairment model for financial assets, which replaced the current incurred loss ("CECL") model, and in 2018 and 2019 issued amendments and updates to the new standard. The amended guidance requires the application of a CECL model, which measures credit losses based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts. This model requires a financial asset (or group of financial assets), including trade receivables, measured at amortized cost to be presented at the net amount expected to be collected with an allowance for credit losses deducted from the amortized cost basis. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. This guidance is effective for annual periods beginning after December 15, 2022, and interim periods within those annual periods using a modified retrospective transition method. The Company adopted this pronouncement effective January 3, 2023 and determined that it had no material impact on the consolidated financial statements and related disclosures.

#### **NOTE 3 - REVENUE**

##### ***Performance Obligations in Contracts with Customers***

The restaurant sales performance obligation is satisfied upon the delivery of food to the customer at Company-operated restaurants. The payment terms are immediately satisfied upon the delivery of the food to the customer. The consideration is variable generally due to coupons and discounts which are recorded at the time of food delivery.



## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

The delivery sales performance obligation is satisfied upon the delivery of food to a third-party delivery partner. The Company acts as an agent in delivery sales and, therefore, records the revenue net of costs which include commissions, fees, and in certain cases taxes.

The franchise fees performance obligation is satisfied over the terms of the franchise agreement between the Company and the related franchisees. The franchise royalties performance obligation is satisfied upon the delivery of the food by the franchisee to their customer or to a third-party delivery partner. The Company recognizes the royalty revenue in the period in which the franchise sales occur over the contract term of the franchise agreement.

The franchise agreement provides the franchisee the right to construct, own, and operate a Checkers or Rally's restaurant upon a site accepted by the Company and to use the Checkers and Rally's system in connection with the operation of the restaurant at that site. The franchise agreement generally provides for a fixed term and a fixed term renewal subject to certain conditions. The franchise agreement contract performance obligation is considered to be a right to use the Company's symbolic intellectual property over the contractual term.

The Company is the sublessor on certain lease agreements which are generally for franchise restaurants. The Company accounts for leases using the guidance in ASC 842, *Leases*, and the guidance in ASC 606, *Revenue from Contracts with Customers*. Refer to Note 14 – Leases for further information on the sublease rental income earned by the Company.

#### **Contract Balances - Deferred Revenue**

The following table provides information about the change in deferred franchise fees included in current portion of deferred revenue and deferred revenue, less current portion, in the accompanying consolidated balance sheets:

|                                                | (Successor)          |                    |
|------------------------------------------------|----------------------|--------------------|
|                                                | December 30,<br>2024 | January 1,<br>2024 |
| Deferred franchise fees at beginning of period | \$ 9,654             | \$ 10,109          |
| New deferrals due to cash received and other   | 439                  | 403                |
| Revenue recognized during the period           | (1,068)              | (858)              |
| Deferred franchise fees at end of period       | <u>\$ 9,025</u>      | <u>\$ 9,654</u>    |

#### **NOTE 4 - BUSINESS COMBINATION**

##### ***Out-of-Court Restructuring***

As discussed in Note 1. Description of Business, the Out-of-Court Restructuring agreement, executed on June 16, 2023 (the "restructuring date"), resulted in Topco acquiring all of the voting interests of Burger BossCo. As a result, Topco gained control of Burger BossCo and the transaction was determined to be a business combination in accordance with ASC 805 and is accounted for in accordance with the acquisition method of accounting. As the accounting acquirer, Topco will recognize the assets acquired and liabilities assumed at fair value as of the acquisition date. As an indirect subsidiary of the accounting acquirer, the Company has elected to apply pushdown accounting, whereby it will also recognize the assets acquired and liabilities assumed at fair value as of the acquisition date.

The total stock consideration was \$97.8 million comprised 90 shares of Burger BossCo which were acquired by Topco. The fair value of the stock consideration was determined by a third-party valuation specialist using the market and income approaches, and the results were weighted appropriately.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

The following tables summarize the purchase consideration and the purchase price allocation to estimated fair value of the assets acquired and liabilities assumed as of the acquisition date, June 16, 2023:

|                                                                      |                   |
|----------------------------------------------------------------------|-------------------|
| Fair value of stock consideration                                    | \$ 97,819         |
| Current assets                                                       |                   |
| Cash and cash equivalents                                            | 17,613            |
| Accounts and notes receivable, net                                   | 5,828             |
| Inventory                                                            | 3,105             |
| Prepaid expenses                                                     | 3,690             |
| Other current assets                                                 | <u>1,600</u>      |
| Total current assets                                                 | 31,836            |
| Property and equipment, net                                          | 26,300            |
| Operating right-of-use assets                                        | 152,445           |
| Finance right-of-use assets                                          | 14,831            |
| Intangible assets                                                    | 198,900           |
| Favorable leasehold interests                                        | 2,080             |
| Other assets                                                         | <u>2,584</u>      |
| Total assets                                                         | \$ <u>428,976</u> |
| Current liabilities                                                  |                   |
| Accounts payable                                                     | \$ (3,126)        |
| Accrued liabilities                                                  | (21,547)          |
| Accrued wages and benefits                                           | (3,829)           |
| Current portion of deferred revenue                                  | (2,761)           |
| Current maturities of long-term debt, and financing obligations      | (923)             |
| Current portion of accrued self-insurance                            | (1,565)           |
| Current portion of operating lease liabilities                       | (11,939)          |
| Current portion of finance lease liabilities                         | <u>(374)</u>      |
| Total current liabilities                                            | <u>(46,064)</u>   |
| Deferred income tax liabilities                                      | (48,326)          |
| Operating lease liability                                            | (158,850)         |
| Finance lease liability                                              | (16,548)          |
| Long-term debt, less current maturities and deferred financing costs | (74,438)          |
| Financing obligations, less current maturities                       | (7,893)           |
| Deferred revenue, less current portion                               | (7,348)           |
| Accrued self-insurance, less current portion                         | (2,130)           |
| Unfavorable leasehold interests                                      | (200)             |
| Long-term liabilities                                                | <u>(1,126)</u>    |
| Total liabilities                                                    | <u>(362,923)</u>  |
| Net assets acquired                                                  | <u>66,053</u>     |
| Goodwill                                                             | \$ <u>31,766</u>  |

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

The fair values of identifiable intangible assets acquired as of the restructuring date are as follows:

|                                  | Acquisition<br>Date Fair<br>Value | Weighted<br>Average Useful<br>Life (Years) |
|----------------------------------|-----------------------------------|--------------------------------------------|
| Tradenames                       | \$ 197,500                        | Indefinite                                 |
| Franchise agreements             | <u>1,400</u>                      | 15                                         |
| Total intangible assets acquired | <u>\$ 198,900</u>                 |                                            |

The fair values of our tradenames and franchise agreements were determined using the relief from royalty and the income approach - multi-period excess earning method, respectively. The valuation of intangible assets was prepared by a third-party valuation specialist and incorporates significant unobservable inputs and requires significant judgment and estimates, including the amount and timing of future cash flows.

The Company recognized approximately \$15.8 million of transactions costs in connection with the Out-of-Court Restructuring. Transaction costs incurred by the Predecessor during the period from January 3, 2023 to June 16, 2023 (Predecessor) associated with the Out-of-Court Restructuring were approximately \$15.6 million of which \$3.7 million were contingent upon completion of the Out-of-Court Restructuring. Of the transaction costs incurred by the Predecessor \$9.0 million were an assumed liability by the Successor at closing. Additionally, \$0.2 million of costs were incurred related to the transaction that have been recorded by the Successor. The Company recorded the transaction costs within general and administrative expenses on the consolidated statements of operations.

**NOTE 5 - ACCOUNTS AND NOTES RECEIVABLE, NET**

The following table summarizes the Company's receivables and allowances as of December 30, 2024 (Successor) and January 1, 2024 (Successor):

|                            | December 30, 2024<br>(Successor) |                 |                 | January 1, 2024<br>(Successor) |                 |                 |
|----------------------------|----------------------------------|-----------------|-----------------|--------------------------------|-----------------|-----------------|
|                            | Gross                            | Allowance       | Net             | Gross                          | Allowance       | Net             |
| Total accounts receivables | <u>\$ 8,372</u>                  | <u>\$ (655)</u> | <u>\$ 7,717</u> | <u>\$ 7,913</u>                | <u>\$ (514)</u> | <u>\$ 7,399</u> |

Accounts receivable is primarily comprised of franchise royalties, franchise fees, sublease rents, delivery sales receivables, and retail royalties. The Company recognizes an allowance for credit losses based on historical collection experience and on a specific identification basis based upon past due balances and the financial strength of the obligor. The Company monitors that franchisees remain in compliance with all terms of the franchise agreement and sublease, when applicable, and when a franchisee is not in compliance, they are placed in default status. When a franchisee is placed in default status, the Company closely monitors royalties accruing on franchisee sales in order to determine if collectability is reasonably assured. If we determine that certain amounts are not probable of collection, we do not recognize the related royalty revenue. The Company writes off the related accounts receivable when it is determined that they are uncollectible.

Credit losses are recorded in general and administrative expenses in the accompanying consolidated statements of operations. The Company had credit losses of \$0.6 million, \$0.1 million, and \$0.1 million for the fiscal year ended December 30, 2024 (Successor), and for the periods from June 17, 2023 through January 1, 2024 (Successor) and from January 3, 2023 through June 16, 2023 (Predecessor), respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

**NOTE 6 - FAIR VALUE MEASUREMENTS**

From time to time, we measure certain non-financial assets at fair value on a non-recurring basis in connection with evaluating long-lived assets for impairment. We estimate the fair value of our long-lived assets using significant inputs such as market conditions, comparable properties and Company experience with similar sites, which may be supplemented by appraisals or independent broker opinions of value when necessary, which would generally be categorized within Level 3 of the fair value hierarchy.

Intangible assets not subject to amortization consist of the brands (tradenames) intangible assets. A quantitative impairment test performed on these intangible assets consists of a comparison of their fair value with their carrying value. The Company evaluates the recoverability of intangible assets with an indefinite life in accordance with ASC 350, *Intangibles-Goodwill and Other*. These assets are tested for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The authoritative guidance allows a company to perform a qualitative or a quantitative assessment of impairment. A company may first perform a qualitative assessment to determine whether it is necessary to perform the quantitative impairment test or it could also bypass the qualitative assessment and proceed directly to performing the quantitative impairment test.

If the carrying value of an intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess. The estimates of fair value of intangible assets not subject to amortization are determined using the relief from royalty valuation methodology. Significant assumptions are inherent to this process, including estimates of future revenues generated by the related sales, the discount rate, and the royalty rate. Discount rate assumptions are based on an assessment of the risk inherent in the respective intangible assets. Royalty rate assumptions are based on projected profitability, actual franchisee agreements and comparable market rates.

As described in Note 1 due to the Out-of-Court Restructuring the Company compared the fair value of the asset with its carrying amount and recognized an impairment in the period from January 3, 2023 through June 16, 2023 (Predecessor) as described within Note 9. As the brands intangible asset and goodwill were recognized at fair value as part of the Out-of-Court Restructuring, the Company subsequently performed a qualitative assessment to determine whether these assets were more likely than not impaired as of the first day of the last fiscal quarter of both Successor fiscal year and period. If the Company concludes that the assets are more likely than not impaired, the Company will perform a quantitative test to determine the amount of impairment, if any, to recognize. In making this determination, the Company considered several factors provided by U.S. GAAP, including the Company's performance. By evaluating these factors, the Company determined that these assets are not more likely than not impaired in the Successor periods.

**NOTE 7 - RELATED PARTY TRANSACTIONS**

The Company has entered into transactions with certain companies or individuals, which are related parties by virtue of being holders of the Company's common stock, by being officers/directors of the Company or because they are controlled by significant stockholders or officers/directors of the Company.

The Company and its franchisees each pay a percentage of sales to the Checkers/Rally's National Production Fund, Inc. (the "Fund" or "NPF"), established for the purpose of creating and producing advertising for the benefit of both Company-operated and franchised restaurants. During the fiscal year ended December 30, 2024 (Successor) and the periods ended January 1, 2024 (Successor) and June 16, 2023 (Predecessor), only one member, representing 25% of the Board of Directors of the Fund, is an employee of the Company. The Fund is not included in the accompanying consolidated financial statements, although the Company's contributions to the Fund are included in advertising expense in the accompanying consolidated statements of operations. Additionally, certain Company-operated restaurants and franchisees participate in advertising co-ops. The Company consolidates advertising co-ops for which it is determined to control on the basis of voting interests, and does not consolidate advertising co-ops it does not control. Co-ops not controlled by the Company are accounted for similarly to the fund. The

## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

contributions to the Fund represent 0.5% of net restaurant sales, while contributions to the advertising co-ops range from 0.5% to 4.25% of net restaurant sales.

The Company and its franchisees each pay charges based on volumes of products purchased from suppliers to Checkers and Rally's Distribution and Services, Inc. ("CDSI"), established for the purpose of providing procurement services and quality assurance support for the benefit of both Company-operated and franchised restaurants. During the fiscal year ended December 30, 2024 (Successor) and the period from June 17, 2023 through January 1, 2024 (Successor) and the period from January 3, 2023 through June 16, 2023 (Predecessor) only one member, representing 25% of the CDSI Board of Directors is an employee of the Company. CDSI is not included in the accompanying consolidated financial statements, although the company's contributions to CDSI are included within restaurant food and paper costs in the accompanying consolidated statements of operations.

The Company pays invoices on behalf of NPF and CDSI and then bills each for the balance of these invoices each period. As of December 30, 2024 (Successor), there was approximately \$2.0 million and \$1.0 million of accounts receivable due from the NPF and CDSI, respectively. As of January 1, 2024 (Successor), the accounts receivable due from the NPF and CDSI was approximately \$2.6 million and \$0.7 million, respectively. Accounts receivable for the NPF and CDSI are included in the accounts and notes receivable, net in the accompanying consolidated balance sheets.

The Fund purchases print advertising on behalf of the Company and franchisees to be used in restaurants. The Company recorded \$1.3 million, \$0.4 million, and \$0.2 million for the fiscal year ended December 30, 2024 (Successor), and for the periods from June 17, 2023 through January 1, 2024 (Successor) and from January 3, 2023 through June 16, 2023 (Predecessor), respectively, related to this print advertising in advertising expense in the accompanying consolidated statements of operations.

#### NOTE 8 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of the following as of December 30, 2024 (Successor) and January 1, 2024 (Successor):

|                                   | (Successor)          |                    |                           |
|-----------------------------------|----------------------|--------------------|---------------------------|
|                                   | December 30,<br>2024 | January 1,<br>2024 | Estimated<br>Useful Lives |
| Land                              | \$ 5,922             | \$ 6,735           |                           |
| Leasehold and land improvements   | 2,270                | 804                | 1-10 years                |
| Buildings                         | 6,779                | 3,617              | 5-30 years                |
| Equipment, furniture and fixtures | 22,181               | 19,689             | 3-10 years                |
| Construction in progress          | 3,141                | 1,320              |                           |
|                                   | 40,293               | 32,165             |                           |
| Less: accumulated depreciation    | (8,614)              | (2,856)            |                           |
| Property and equipment, net       | <u>\$ 31,679</u>     | <u>\$ 29,309</u>   |                           |

Depreciation expense associated with property and equipment, was \$6.0 million, \$2.9 million, and \$7.9 million for the fiscal year ended December 30, 2024 (Successor) and for the periods from June 17, 2023 through January 1, 2024 (Successor) and from January 3, 2023 through June 16, 2023 (Predecessor), respectively.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

The Company capitalizes certain costs in development of internal-use software. These costs are capitalized during the application development stage and include direct costs of materials and services. As of December 30, 2024 (Successor) and January 1, 2024 (Successor) the Company had capitalized software costs of \$0 million and \$0.4 million, net of accumulated amortization. These amounts are included within the other assets line item in the accompanying consolidated balance sheets. The capitalized software is amortized on a straight-line basis over its estimated useful life.

Capitalized software amortization expense was \$0.4 million, \$0.5 million and \$0.4 million for the fiscal year ended December 30, 2024 (Successor) and for the periods from June 17, 2023 through January 1, 2024 (Successor) and from January 3, 2023 through June 16, 2023 (Predecessor), respectively, and are recorded within general and administrative expense in the accompanying consolidated statements of operations.

The Company recorded impairment charges related to property and equipment in the amount of \$1.9 million and \$0.3 million, for the fiscal year ended December 30, 2024 (Successor) and for the period from June 17, 2023 through January 1, 2024 (Successor), respectively, primarily due to stores that closed during the periods. Additionally, the Company recorded impairment charges of \$13.6 million for the period from January 3, 2023 through June 16, 2023 (Predecessor). These impairment charges recorded during the Predecessor period related to stores that were not profitable, and with investment, were not projected to be profitable.

**NOTE 9 - GOODWILL AND INTANGIBLE ASSETS, NET**

As discussed in Note 4. Business Combination, as part of the business combination, the Company recognized \$31.8 million of goodwill. The changes in goodwill during the successor periods are as follows:

|                                | Amortization<br>Period | (Successor)          |                    |
|--------------------------------|------------------------|----------------------|--------------------|
|                                |                        | December 30,<br>2024 | January 1,<br>2024 |
| Balance, gross                 | 10 years               | \$ 31,767            | \$ 31,767          |
| Less: accumulated amortization |                        | (4,895)              | (1,730)            |
| Balance, net                   |                        | <u>\$ 26,872</u>     | <u>\$ 30,037</u>   |

Estimated future amortization of goodwill is as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>    |
|---------------------------|------------------|
| 2025                      | \$ 3,166         |
| 2026                      | 3,166            |
| 2027                      | 3,166            |
| 2028                      | 3,166            |
| 2029                      | 3,166            |
| Thereafter                | <u>11,042</u>    |
| Total                     | <u>\$ 26,872</u> |

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

Intangible assets consisted of the following as of December 30, 2024 (Successor) and January 1, 2024 (Successor):

|                                       | (Successor)                  |                            |
|---------------------------------------|------------------------------|----------------------------|
|                                       | <u>December 30,<br/>2024</u> | <u>January 1,<br/>2024</u> |
| Tradenames, indefinite-lived          | \$ 197,500                   | \$ 197,500                 |
| Definite-lived intangible assets, net | <u>1,223</u>                 | <u>1,349</u>               |
| Intangible assets, net                | <u>\$ 198,723</u>            | <u>\$ 198,849</u>          |

Estimated future amortization of definite-lived intangible assets is as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>   |
|---------------------------|-----------------|
| 2025                      | \$ 91           |
| 2026                      | 91              |
| 2027                      | 92              |
| 2028                      | 90              |
| 2029                      | 90              |
| Thereafter                | <u>769</u>      |
| Total                     | <u>\$ 1,223</u> |

Amortization expense recognized on the definite-lived intangibles, was \$0.1 million, \$0.1 million, and \$0.5 million for the fiscal year ended December 30, 2024 (Successor) and for the periods from June 17, 2023, through January 1, 2024 (Successor) and from January 3, 2023, through June 16, 2023 (Predecessor), respectively.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**NOTE 10 - DEBT**

Debt consisted of the following as of December 30, 2024 (Successor) and January 1, 2024 (Successor):

|                                                                                                                                                                                                                                                                                                                                                                           | Successor            |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
|                                                                                                                                                                                                                                                                                                                                                                           | December 30,<br>2024 | January 1,<br>2024 |
| Obligations under premium financing arrangements, with short-term maturities.                                                                                                                                                                                                                                                                                             | \$ 976               | \$ 1,028           |
| Last-Out Term Loans, maturing June 16, 2028, bearing interest at an alternative base rate plus 8% or the Adjusted Term SOFR plus 9% plus a credit adjustment spread. Company has option to pay interest in kind at a rate equal to 6% rather than in cash. As of December 30, 2024 and January 1, 2024 the effective interest rates were 15.16% and 15.18%, respectively. | 80,988               | 76,952             |
| New Money Loans, maturing June 16, 2027, bearing interest at an alternative base rate plus 6% or the Adjusted Term SOFR plus 7% plus a credit adjustment spread. Company has option to pay interest in kind at a rate equal to 4% rather than in cash. As of December 30, 2024 and January 1, 2024 the effective interest rates were from 14.92% to 15%.                  | 10,436               | 10,081             |
| Deferred financing and issuance costs                                                                                                                                                                                                                                                                                                                                     | (341)                | (447)              |
| Total debt                                                                                                                                                                                                                                                                                                                                                                | 92,059               | 87,614             |
| Less: current maturities                                                                                                                                                                                                                                                                                                                                                  | (1,788)              | (1,802)            |
| Total debt, less current maturities                                                                                                                                                                                                                                                                                                                                       | <u>\$ 90,271</u>     | <u>\$ 85,812</u>   |

**March 2023 Default**

On March 6, 2023, the Company failed to make a required interest payment which resulted in an event of default under the terms of the Senior Credit Facility. Upon an event of default, the Senior Credit Facility lenders may declare all amounts outstanding under the Senior Credit Facility due and payable. Upon notification of the event of default, the Company and the Senior Credit Facility lenders entered into a forbearance agreement that provided the Company, through June 20, 2023, a temporary waiver from paying the interest and principal amounts due under the Senior Credit Facility and an opportunity for the Company and lenders to negotiate a potential out-of-court restructuring transaction. The forbearance agreement would terminate on June 20, 2023, and absent a successful transaction all remedies under the Senior Credit Facility would become available to the lenders, including the right to demand payment of the outstanding obligations. The Company completed the Out-of-Court Restructuring on June 16, 2023.

***Successor Debt Agreements***

The Credit Agreement, which resulted from the Out-of-Court Restructuring, determined the new debt amount that would be held between the existing lenders and the Company. The First Lien lenders had the option to contribute, on a pro rata share, to fund new delayed draw term loans on a cash basis. As outlined in Note 1, the Lenders received varying pro rata equity shares of Topco depending on whether they elected to participate in the funding of the new debt. Additionally, the Second Lien was completely exchanged in



**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

favor of a pro rata share of Topco's equity. As a result, the Company's new parent became Topco which is owned by the Lenders of the previously held First and Second Liens.

The terms of the repayment of the debt outstanding under the Agreement called for the restructuring of the First Lien Loan into up to \$25 million in New Money Loans and \$75 million in Second Out Loans plus the issuance of 40% and 55% equity in Topco, respectively. We note that at the time of the restructuring, only \$10 million in New Money Loans was issued. Additionally, the restructuring resulted in the complete cancellation of the Second Lien Loan in exchange for the issuance of 5% equity in Topco.

The New Money Loan accrues interest at a floating rate, to be determined at the Company's option, of either an alternative base rate plus 6% per annum or the Adjusted Term Secured Overnight Financing Rate plus 7% per annum plus a credit adjustment spread with the option to pay interest at a rate equal to 4% per annum in kind rather than in cash. The Second Out Loan accrues interest at a floating rate that equals, at the Company's option, either an alternative base rate plus 8% per annum or the Adjusted Term Secured Overnight Financing Rate plus 9% per annum plus a credit adjustment spread with the option to pay interest at a rate equal to 6% per annum in kind rather than in cash.

As part of issuing the New Money Loans, the Company funded \$10 million out of the total \$25 million commitment. Additionally, the Company was required to pay lenders' costs of \$1.3 million. Accordingly, the Company allocated financing costs proportionally to the funded component and the unfunded component. The portion allocated to the funded balance is recorded as a reduction to long-term debt and the portion allocated to the unfunded balance is recorded as deferred financing cost asset. As of December 30, 2024 and January 1, 2024 the balance of these deferred financing costs associated with the unfunded balance was \$0.5 million and \$0.6 million, respectively. The deferred financing cost asset is recognized in other current assets in the accompanying consolidated balance sheets.

The Company's debt obligations under the Credit Agreement are collateralized by substantially all the Company's assets and are subject to a maximum leverage ratio. The Company was in compliance with the financial covenant at December 30, 2024 (Successor) and January 1, 2024 (Successor).

Payments under debt obligations in effect as of December 30, 2024 (Successor) for the next five years and thereafter are as follows:

| <u>Fiscal Year Ending</u>     | <u>Amount</u> |
|-------------------------------|---------------|
| 2025                          | \$ 1,788      |
| 2026                          | 850           |
| 2027                          | 11,024        |
| 2028                          | 78,738        |
|                               | <hr/>         |
| Total payments                | 92,400        |
| Less: current portion         | (1,788)       |
| Less: deferred financing cost | (341)         |
|                               | <hr/>         |
| Non-current portion           | \$ 90,271     |

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**NOTE 11 - FINANCING OBLIGATIONS**

Financing obligations consisted of the following as of December 30, 2024 (Successor) and January 1, 2024 (Successor):

|                                                                                                                                                              | Successor            |                    |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|--------------------|
|                                                                                                                                                              | December 30,<br>2024 | January 1,<br>2024 |
| Financing obligations relating to sales of restaurants maturing at various dates through October 1, 2039, bearing interest rates ranging from 3.20% to 7.06% | 7,850                | 7,923              |
| Total financing obligations                                                                                                                                  | 7,850                | 7,923              |
| Less: current maturities                                                                                                                                     | (67)                 | (77)               |
| Total financing obligations, less current maturities                                                                                                         | <u>\$ 7,783</u>      | <u>\$ 7,846</u>    |

Payments under debt obligations in effect as of December 30, 2024 (Successor) for the next five years and thereafter are as follows:

| Fiscal Year Ending    | Amount          |
|-----------------------|-----------------|
| 2025                  | \$ 67           |
| 2026                  | 144             |
| 2027                  | 155             |
| 2028                  | 166             |
| 2029                  | 144             |
| Thereafter            | <u>7,174</u>    |
| Total payments        | 7,850           |
| Less: current portion | <u>(67)</u>     |
| Non-current portion   | <u>\$ 7,783</u> |

The Company has several sale-leaseback arrangements in effect for land and buildings for certain store locations. However, these transactions did not qualify for sale accounting under the guidance in ASC 842 and were therefore accounted for as financing transactions. As a result, the Company continues to recognize the restaurant properties on its consolidated balance sheets and has recorded the proceeds received from the buyer-lessor as a financial liability. As of December 30, 2024 (Successor), and January 1, 2024 (Successor), there were approximately \$7.9 million and \$7.9 million, respectively, of financing obligations recorded within the accompanying consolidated balance sheets.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**NOTE 12 - INCOME TAXES**

Prior to the Out-of-Court Restructuring, BossCo Holdings filed a consolidated federal and state (where appropriate) income tax returns which included the Company. As noted in Note 1, the Out-of-Court Restructuring, on June 16, 2023, resulted in BossCo Holdings deconsolidating which included the Company. As part of the Out-of-Court Restructuring, which was accounted for as a business combination, the Company recognized the deferred tax asset and liabilities based on the difference in the fair values of the assets and liabilities acquired end their tax basis. In addition, as part of the Out-of-Court Restructuring, the Company reassessed its tax attributes and recognized a reduction in tax attributes no longer available to the Company.

The Company accounts for income taxes in accordance with the provisions of ASC 740, *Income Taxes*, which requires the Company to recognize income tax benefits and expense of the changes in income tax assets and liabilities. Deferred tax assets must be reduced by a valuation allowance in certain circumstances. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of any tax attributes. The deferred tax assets are reviewed periodically for recoverability and valuation allowances are adjusted as necessary. After reviewing all relevant factors, including cumulative losses during the last three years, management believes that it is more likely than not that a portion of the Company's deferred tax assets will not be realized in a future period. As of December 30, 2024 (Successor) and January 1, 2024 (Successor), the valuation allowance has been adjusted to the amount of deferred tax assets, net of reversing deferred tax liabilities, that management believes will not be realized.

Under ASC 740, *Income Taxes*, the tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and liabilities recognized within "deferred income tax liabilities" in the accompanying consolidated balance sheets as of December 30, 2024 (Successor) and January 1, 2024 (Successor) were as follows:

|                                                                   | For the Year<br>Ended<br>December 30,<br>2024<br>(Successor) | For the Period<br>Ended<br>January 1, 2024<br>(Successor) |
|-------------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------|
| Deferred tax assets                                               |                                                              |                                                           |
| Net operating loss carryforwards                                  | \$ 58                                                        | \$ -                                                      |
| Business interest limitation carryforward                         | 24,472                                                       | 21,518                                                    |
| Accruals                                                          | 2,184                                                        | 2,211                                                     |
| Operating ROU assets                                              | 36,262                                                       | 39,355                                                    |
| Difference between book and tax basis of property and equipment   | 3,183                                                        | 9,423                                                     |
| Allowance for credit losses                                       | 163                                                          | 69                                                        |
| Stock-based compensation                                          | -                                                            | 32                                                        |
| Deferred revenue and other                                        | 2,291                                                        | 2,507                                                     |
|                                                                   | <hr/>                                                        | <hr/>                                                     |
| Deferred tax assets                                               | 68,613                                                       | 75,115                                                    |
| Less: valuation allowance                                         | (10,188)                                                     | (38,288)                                                  |
|                                                                   | <hr/>                                                        | <hr/>                                                     |
| Net deferred tax assets                                           | 58,425                                                       | 36,827                                                    |
|                                                                   | <hr/>                                                        | <hr/>                                                     |
| Deferred tax liabilities                                          |                                                              |                                                           |
| Difference between book and tax basis of brands intangible assets | (49,122)                                                     | (48,300)                                                  |
| Difference between book and tax basis of other intangible assets  | (452)                                                        | (1,365)                                                   |
| Operating lease liabilities                                       | (32,839)                                                     | (35,246)                                                  |
| Other                                                             | 1,620                                                        | (246)                                                     |
|                                                                   | <hr/>                                                        | <hr/>                                                     |
| Deferred tax liabilities                                          | (80,793)                                                     | (85,157)                                                  |
|                                                                   | <hr/>                                                        | <hr/>                                                     |
| Deferred income tax liabilities, net                              | \$ (22,368)                                                  | \$ (48,330)                                               |
|                                                                   | <hr/>                                                        | <hr/>                                                     |

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**Net Operating Losses**

In connection with the Out-of-Court Restructuring, Burger BossCo is subject to the Internal Revenue Code ("IRC") Section 382 for a change in ownership. The Company believes the annual limitation will restrict the utilization of the Company's IRC 163 interest expense attribute.

Income tax (benefit) expense consisted of the following:

|                                    | For the Year<br>Ended<br>December 30,<br>2024<br>(Successor) | Period Ended<br>June 17, 2023<br>through<br>January 1,<br>2024<br>(Successor) | Period Ended<br>January 3,<br>2023 through<br>June 16, 2023<br>(Predecessor) |
|------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Current                            |                                                              |                                                                               |                                                                              |
| State                              | \$ 308                                                       | \$ 85                                                                         | \$ 10                                                                        |
| Federal                            | 929                                                          | 433                                                                           | -                                                                            |
|                                    | <u>1,237</u>                                                 | <u>518</u>                                                                    | <u>10</u>                                                                    |
| Deferred                           |                                                              |                                                                               |                                                                              |
| State                              | (3,113)                                                      | 3                                                                             | (774)                                                                        |
| Federal                            | (22,847)                                                     | 19                                                                            | (6,778)                                                                      |
|                                    | <u>(25,960)</u>                                              | <u>22</u>                                                                     | <u>(7,552)</u>                                                               |
| Total income tax expense (benefit) | <u>\$ (24,723)</u>                                           | <u>\$ 540</u>                                                                 | <u>\$ (7,542)</u>                                                            |

The following is a reconciliation of the income tax (benefit) expense computed by applying the federal statutory income tax rate to "loss before income tax benefit" to the "income tax benefit" shown in the accompanying consolidated statements of operations:

|                                                                       | For the Year<br>Ended<br>December 30,<br>2024<br>(Successor) | Period Ended<br>June 17, 2023<br>through<br>January 1,<br>2024<br>(Successor) | Period Ended<br>January 3,<br>2023 through<br>June 16, 2023<br>(Predecessor) |
|-----------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Federal income tax benefit computed at statutory rate                 | \$ (727)                                                     | \$ (494)                                                                      | \$ (20,786)                                                                  |
| State and local income tax benefit, net of federal income tax benefit | 9                                                            | (20)                                                                          | (3,871)                                                                      |
| Permanent differences and other                                       | 841                                                          | 397                                                                           | 2,203                                                                        |
| Unrecognized tax benefits                                             | (109)                                                        | -                                                                             | 10                                                                           |
| Other                                                                 | 577                                                          | 16                                                                            | 1,778                                                                        |
| Deferred tax asset write-off                                          | 3,305                                                        | -                                                                             | 2,366                                                                        |
| State accrual changes                                                 | -                                                            | -                                                                             | 544                                                                          |
| State tax rate change                                                 | 159                                                          | -                                                                             | (17)                                                                         |
| Change in deferred tax asset valuation allowance                      | <u>(28,778)</u>                                              | <u>641</u>                                                                    | <u>10,231</u>                                                                |
| Total income tax expense (benefit)                                    | <u>\$ (24,723)</u>                                           | <u>\$ 540</u>                                                                 | <u>\$ (7,542)</u>                                                            |

## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

The Company is involved in various tax matters that involve various degrees of uncertainty with respect to the ultimate outcome and records a liability or reduces a deferred tax asset for unrecognized tax benefits for such matters as required by the provisions of ASC 740, *Income Taxes*.

For the fiscal year ended December 30, 2024 (Successor) and the period ended January 1, 2024 (Successor), the Company recorded \$0 million and \$0.1 million of unrecognized tax benefits, respectively, of which \$0 million and \$.01 million represents interest expense.

The Company is subject to tax in U.S. federal and various state and local jurisdictions. The Company is subject to U.S. federal, state or local income tax examinations in material jurisdictions for tax years beginning 2021 to the current year.

The Company accounts for income taxes in accordance with the provisions of ASC 740, *Income Taxes*, which requires the Company to recognize income tax benefits and expense of the changes in income tax assets and liabilities. Deferred tax assets must be reduced by a valuation allowance in certain circumstances. Realization of deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of any tax attributes. The deferred tax assets are reviewed periodically for recoverability and valuation allowances are adjusted as necessary. After reviewing all relevant factors, including cumulative losses during the last three years, management believes that it is more likely than not that a portion of the Company's deferred tax assets will not be realized in a future period. As of December 30, 2024 (Successor) and January 1, 2024 (Successor), the valuation allowance has been adjusted to the amount of deferred tax assets, net of reversing deferred tax liabilities, that management believes will not be realized.

The Company changed its methodology related to reversal of deferred tax liabilities as of December 30, 2024 (Successor) based an evaluation of the facts and generally accepted accounting practice. The Company previously concluded the life of the brand intangible was indeterminable, and therefore did not use it as a source of realization. The Company changed its methodology as it determined it was appropriate to use the indefinite-life brand intangible as a source of realization for its indefinite life deferred tax assets, including interest limitation carryforwards and deferred tax assets that would become indefinite-life net operating losses in future periods. This resulted in a reduction of the valuation allowance of \$28.8 million as of December 30, 2024 (Successor).

#### NOTE 13 - STOCKHOLDERS' EQUITY

##### ***Predecessor Period Equity-Based Compensation Plan***

Company employees participated in the BossCo Holdings, Inc. 2017 Management Incentive Plan, which is administered by BossCo Holdings. The 2017 Management Incentive Plan was created to attract and retain the best available employees and non-employee directors to serve in the Company's management. The Plan provides for the granting of Options, Restricted Stock, Restricted Stock Units and Unrestricted Stock and was amended and restated February 25, 2021.

##### **Non-Cash Compensation**

The pretax stock-based compensation cost recognized under the Amended and Restated 2017 Management Incentive Plan was \$5.7 million for the period January 3, 2023 through June 16, 2023 (Predecessor). Stock-based compensation is recorded in "general and administrative expenses" in the respective accompanying consolidated statements of operations. The Out-of-Court Restructuring resulted in a change in control, per the 2017 Management Incentive Plan. Accordingly, all outstanding service-based and performance-based awards vested. As part of the \$5.7 million of stock-based compensation cost recognized during the period January 3, 2023 through June 16, 2023 (Predecessor), the Company recognized \$5.3 million due to this accelerated vesting.

## Checkers Drive-In Restaurants, Inc. and Subsidiaries

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

#### ***Successor Period Equity-Based Compensation Plan***

On August 25, 2023 (Successor), Topco created a new management incentive plan, "Management Incentive Plan," which authorized Topco to issue various equity awards to managers and executives of Topco and its consolidated subsidiaries. Equity awards authorized to be issued include Class B units ("Class B Units"), phantom units, options, warrants, and other securities convertible into Class B units of Topco. For the fiscal year ended December 30, 2024 (Successor), the only awards issued were for Class B Units. Class B Units are profit-sharing interests that participate in earnings upon reaching a contractual hurdle rate.

As of December 30, 2024 (Successor) and January 1, 2024 (Successor), under the Management Incentive Plan, 1,111,111 Class B Units were authorized to be issued. During the fiscal year ended December 30, 2024, 435,555 Class B Units were included in awards granted to employees of Topco and 376,667 Class B Units are available for grant as of December 30, 2024 (Successor). During the period ended January 1, 2024, 861,111 Class B Units were included in awards granted to employees of Topco and 250,000 Class B Units are available for grant as of January 1, 2024 (Successor).

#### **Awards for Class B Units**

For the awards issued, 50% of the Class B Units are service-based and vest evenly over the first to fifth anniversaries of the grant date. The remaining 50% of the Class B units are performance-based which will vest upon a Liquidity Event. A Liquidity Event is defined within the Management Incentive Plan as the sale, or similar type transaction, of Topco. Upon the occurrence of a Liquidity Event, all unvested service-based units will become fully vested. The Management Incentive Plan further defines Specified Event(s), such as termination for cause, that will result in the automatic forfeiture of all vested and unvested shares without consideration.

The Company records the resulting stock-compensation expense for service-based units ratably over the five-year period and the performance-based units, as well as any expense for unvested service-based Class B Units, upon the occurrence of a Liquidity Event. The stock-based compensation expense recorded is based upon the fair value of the Class B Units which was calculated using the Black-Scholes Model as of the grant date of these awards.

The Company has elected to use the practical expedient under ASU 2021-07 which allows a nonpublic entity to determine the current price input of a share option using the "reasonable application of a reasonable valuation method," which is determined as of the award's measurement date, taking into consideration certain factors as required by the guidance.

During the fiscal year ended December 30, 2024 (Successor), 435,555 awards for Class B Units were granted and 477,000 Class B Units were forfeited. During the period ended January 1, 2024 (Successor), 861,111 awards for Class B Units were granted and no Class B Units were forfeited. The fair value of the awards for Class B Units granted during the periods ended December 30, 2024 (Successor) and January 1, 2024 (Successor) was determined using the following assumptions:

| <u>Assumption</u>       | <u>Inputs</u> |
|-------------------------|---------------|
| Expected dividend yield | -             |
| Volatility              | 85%           |
| Risk-free interest rate | 4.58%         |
| Expected life in years  | 4.0           |
| Fair value of units     | \$ 4.11       |

Stock-compensation expense recorded under the Management Incentive Plan for the fiscal year ended December 30, 2024 (Successor) and the period June 17, 2023 through January 1, 2024 (Successor) was \$0.5 million and \$0.1 million, respectively.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

As of December 30, 2024 (Successor), the total stock-based compensation cost related to unvested awards not yet recognized is \$3.8 million. Of this total, \$2.5 million relates to performance-based units for which the timing of vesting is uncertain due to the occurrence of a Liquidity Event not being certain as of this date. The remaining \$1.3 million relates to service-based units which are expected to be recognized over a remaining period of five years. The total expected stock compensation cost for the next five years related to unvested service based units not yet recognized is as follows:

| <u>Fiscal Year Ending</u> | <u>Amount</u>   |
|---------------------------|-----------------|
| 2025                      | \$ 321          |
| 2026                      | 321             |
| 2027                      | 327             |
| 2028                      | 257             |
| 2029                      | 105             |
| Total                     | <u>\$ 1,331</u> |

**NOTE 14 - LEASES**

The Company leases real estate for the operation of its restaurants as well as acts as a sublessor for the operation of certain franchised restaurants. As lessee, the Company is obligated under several noncancelable leases, primarily ground leases that in certain instances it also subleases to franchisees. The Company accounts for leases as both a lessee and a lessor in accordance with ASC 842, *Lease*. For details on the Company's adoption of ASC 842, *Leases* and the related policy elections refer to Note 2.

***Company as Lessee***

The Company leases land and buildings generally under agreements with terms of, or renewable to, 10 to 30 years. The Company determines the lease term by assuming exercise of renewal options that are reasonably certain to be exercised. The leases are evaluated for classification as operating or finance leases.

The Company has elected the practical expedient to account for lease components and non-lease components as a single lease component for all underlying classes of assets. The leases generally obligate the Company to pay for costs associated with property taxes, insurance and maintenance and are evaluated by the Company as fixed or variable in nature. If it is concluded that they are fixed, they are included in the calculation of the lease liability. Fixed lease costs for operating lease payments are recognized on a straight-line basis over the lease term and are included in the restaurant occupancy costs, franchise support and services expenses, general and administrative expenses and restaurant retirement costs line items within the accompanying consolidated statement of operations.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

The following table provides quantitative information concerning the Company's leases under ASC 842, *Leases*.

|                                                                                 | (Successor)                                   |                                                                       | (Predecessor)                                                         |
|---------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|
|                                                                                 | For the Year<br>Ended<br>December 30,<br>2024 | For the Period<br>from June 17,<br>2023 through<br>January 1,<br>2024 | For the Period<br>from<br>January 3,<br>2023 through<br>June 16, 2023 |
| Finance lease expense:                                                          | \$ 2,699                                      | \$ 1,201                                                              | \$ 674                                                                |
| Amortization of ROU assets                                                      | 1,396                                         | 455                                                                   | 237                                                                   |
| Interest expense on lease liabilities                                           | 1,303                                         | 746                                                                   | 437                                                                   |
| Operating lease expense                                                         | 14,873                                        | 9,117                                                                 | 8,801                                                                 |
| Variable lease expense                                                          | 3,524                                         | 1,171                                                                 | 920                                                                   |
| Sublease income                                                                 | (2,006)                                       | (1,858)                                                               | (1,029)                                                               |
| <br>Total net lease cost                                                        | <br>\$ 21,879                                 | <br>\$ 9,631                                                          | <br>\$ 9,366                                                          |
| Other lease information                                                         |                                               |                                                                       |                                                                       |
| Cash paid for amounts included in the<br>measurement of lease liabilities       |                                               |                                                                       |                                                                       |
| Operating cash flows from finance leases                                        | \$ 1,303                                      | \$ 746                                                                | \$ 437                                                                |
| Operating cash flows from operating<br>leases                                   | 17,434                                        | 8,154                                                                 | 8,250                                                                 |
| Financing cash flows from finance leases                                        | 582                                           | 254                                                                   | 159                                                                   |
| Right-of-use assets obtained in exchange for new<br>finance lease liabilities   | \$ 7,481                                      | \$ 8,283                                                              | \$ 7,808                                                              |
| Right-of-use assets obtained in exchange for new<br>operating lease liabilities | \$ 664                                        | \$ 1,006                                                              | \$ 1,058                                                              |
|                                                                                 |                                               | (Successor)                                                           |                                                                       |
|                                                                                 |                                               | December 30,<br>2024                                                  | January 1,<br>2024                                                    |
| Weighted-average remaining lease term - finance leases                          |                                               | 20.9 years                                                            | 22.6 years                                                            |
| Weighted-average remaining lease term - operating leases                        |                                               | 18.8 years                                                            | 19.1 years                                                            |
| Weighted-average discount rate - finance leases                                 |                                               | 4.63%                                                                 | 4.15%                                                                 |
| Weighted-average discount rate - operating leases                               |                                               | 3.94%                                                                 | 3.94%                                                                 |

The Company wrote-off ROU operating lease assets in the amount of \$0.4 million for the fiscal year ended December 30, 2024 (Successor) due to stores that closed during the period. The Company wrote-off ROU operating lease assets in the amount of \$0.4 million for the period from June 17, 2023 through January 1, 2024 (Successor) due to stores that closed during the period. Further, the Company wrote-off ROU operating lease assets in the amount of \$2.9 million in the period from January 3, 2023 through June 16, 2023 (Predecessor). These impairment charges recognized in the Predecessor period related to stores that were not profitable, and with investment, were not projected to be profitable.

Certain leases contain contingent rental provisions based on percentages of gross sales if an established threshold is met. Contingent rent expenses are considered to be variable and are recognized once minimum sales volume is expected to be achieved. Contingent rent expense was not material for the fiscal year ended December 30, 2024 (Successor) and the periods from June 17, 2023 through January 1, 2024 (Successor) and from January 3, 2023 through June 16, 2023 (Predecessor).



**Checkers Drive-In Restaurants, Inc. and Subsidiaries**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

During the fiscal year ended December 30, 2024 (Successor), the Company experienced an increase of approximately \$8.2 million in Finance lease right-of-use assets and an increase of approximately \$7.1 million in Finance lease liabilities. This increase was primarily due to the renewals of existing finance lease arrangements for land properties. The Company continues to monitor its lease obligations and ensures compliance with all relevant accounting standards and lease agreements.

The Company classifies the current lease liability by applying the liability's effective interest rate to the total contractual payments that are due within the next 12 months. A maturity analysis of annual undiscounted cash flows for lease liabilities under noncancelable leases as of December 30, 2024 (Successor), is as follows (in thousands):

| <u>Fiscal Year</u>                | <u>Operating<br/>Leases</u> | <u>Finance<br/>Leases</u> |
|-----------------------------------|-----------------------------|---------------------------|
| 2025                              | \$ 15,390                   | \$ 2,358                  |
| 2026                              | 15,054                      | 2,402                     |
| 2027                              | 12,662                      | 2,437                     |
| 2028                              | 12,219                      | 2,521                     |
| 2029                              | 11,194                      | 2,552                     |
| Thereafter                        | 144,221                     | 41,956                    |
| Total undiscounted lease payments | 210,740                     | 54,226                    |
| Less: interest                    | (64,943)                    | (19,281)                  |
| Present value of lease payments   | <u>\$ 145,797</u>           | <u>\$ 34,945</u>          |

***Company as Lessor***

The Company subleases land and buildings associated with the sale of certain Company-operated restaurants with terms of, or renewable to, 10 to 15 years with no option to purchase. The Company determines the sublease term by assuming exercise of renewal options that are reasonably certain to be exercised. The Company continues to be responsible for the rent payments to the original lessors. The subleases are evaluated for classification as operating, direct financing or sales-type leases. The Company has elected the practical expedient to account for lease components and non-lease components as a single lease component for all underlying classes of assets. The subleases generally obligate the sublessee to pay for costs associated with property taxes, insurance and maintenance costs and are considered to be variable. Variable sublease rental income recorded for the fiscal year ended December 30, 2024 (Successor) and the periods from June 17, 2023 through January 1, 2024 (Successor) and from January 3, 2023 through June 16, 2023 (Predecessor), was \$0.1 million, \$0.1 million, and \$0.1 million, respectively.

The Company is the sublessor on operating leases. The revenue from these subleases is recorded in franchise fees and other income in the accompanying consolidated statements of operations. Sublease rental income recorded for fiscal year ended December 30, 2024 (Successor) and the periods from June 17, 2023 through January 1, 2024 (Successor) and from January 3, 2023 through June 16, 2023 (Predecessor) was \$2.0 million, \$1.9 million, and \$1.0 million, respectively.

**Checkers Drive-In Restaurants, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

***Maturity Analysis of Lease Receivables - Lessor***

| <u>Fiscal Year Ending</u>           | <u>Operating<br/>Leases</u> |
|-------------------------------------|-----------------------------|
| 2025                                | \$ 1,717                    |
| 2026                                | 1,367                       |
| 2027                                | 964                         |
| 2028                                | 568                         |
| 2029                                | 307                         |
| Thereafter                          | 356                         |
|                                     | <hr/>                       |
| Total future minimum lease receipts | \$ 5,279                    |

**NOTE 15 - COMMITMENTS AND CONTINGENCIES**

***Self-Insurance***

The Company is partially self-insured for a portion of its expected losses under its workers' compensation and general liability programs. We also carry excess liability limits above the primary coverages as we have determined necessary. We believe we maintain insurance coverage that is customary for businesses of our size and type.

The Company's reserves for both general liability and workers' compensation claims are based, in part, on estimates provided by a third-party specialist of expected losses based on actuarial analysis of historical industry data, as well as the Company's own estimates based on actual historical data. These assumptions are adjusted when warranted by changing circumstances. Should a higher number of claims occur compared to original estimates or if the cost of those claims is higher than anticipated, liabilities for self-insurance may not be sufficient and additional expense may be recorded. Should the actual claims experience be more favorable than estimated, a resulting expense reduction may be recorded. The Company maintained a \$2.1 million and \$2.1 million letter of credit as of December 30, 2024 (Successor) and January 1, 2024 (Successor), respectively, as collateral securing general liability claims and self-insured workers' compensation claims until they are settled. The Company is also self-insured, subject to umbrella policies, for health care claims for eligible participating employees, subject to certain deductibles and limitations. The liabilities for self-insurance are presented on an undiscounted basis in the accompanying consolidated balance sheets. The self-insurance balances as of December 30, 2024 (Successor) and January 1, 2024 (Successor) were \$4.3 million and \$3.8 million, respectively.

***Litigation***

From time to time, we are involved in legal proceedings arising in the ordinary course of business relating to matters including, but not limited to, disputes with franchisees, suppliers, employees (including pursuant to employment discrimination and wage and hour laws) and customers, as well as disputes over intellectual property. We do not expect the outcome of pending litigation to have a material impact on our business or consolidated financial position, although it may have a material impact on our consolidated results of operations in any particular annual period.

**NOTE 16 - SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through April 1, 2025, the date the financial statements were available to be issued and determined that there were no events that have occurred since the consolidated balance sheet date that required disclosure to prevent the consolidated financial statements from being materially misleading.

**EXHIBIT I**

**DISCLOSURE ADDENDA FOR REGISTRATION STATES**

**ADDENDUM TO THE CHECKERS DRIVE-IN RESTAURANTS, INC. FRANCHISE  
DISCLOSURE DOCUMENT FOR  
THE STATE OF CALIFORNIA**

1. 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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 14 DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.

2. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

3. The “**Special Risks to Consider about *This Franchise***” cover page is amended by adding the following:

**Personal Guarantee:** Franchisees and all owners must sign a personal guarantee, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guarantee will place your and your spouse’s marital and personal assets at risk if your franchise fails.

4. Item 3 of the Franchise Disclosure Document is amended to provide that neither the franchisor, nor any person in Item 2 of the Franchise 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 that association or exchange.

5. The California Business and Professions Code Section 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal for a Franchise. If the Franchise Agreement or Development Agreement contain a provision that is inconsistent with the law, the law will control.

6. The Franchise Agreement and Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

7. The Franchise Agreement and Development Agreement contain a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

8. The Franchise Agreement and Development Agreement require binding arbitration. The arbitration will occur in the State of Florida, with the costs being borne as provided in those Agreements. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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9. The Franchise Agreement and Development Agent Agreement require application of the laws of the State of Florida. This provision might not be enforceable under California law.

10. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

11. You must sign a general release if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

14. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

15. The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a Development Agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

**ADDENDUM TO THE CHECKERS DRIVE-IN RESTAURANTS, INC. FRANCHISE  
DISCLOSURE DOCUMENT FOR  
THE STATE OF ILLINOIS**

Illinois law governs the franchise agreements.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Despite the payment provisions in Item 5 of the Disclosure Document, we will defer your payment of initial fees owed by you to us under the Franchise Agreement until all of our pre-opening obligations have been satisfied and you commence doing business under the Franchise Agreement. We also will defer collection of all initial fees owed under the Development Agreement until we have completed all of our pre-opening obligations under the first franchise agreement entered into pursuant to the Development Agreement and you commence doing business under the first franchise agreement. This deferral requirement has been imposed by the Illinois Attorney General's Office based on the Franchisor's audited financial statements.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**ADDENDUM TO THE CHECKERS DRIVE-IN RESTAURANTS, INC. FRANCHISE  
DISCLOSURE DOCUMENT FOR  
THE STATE OF MARYLAND**

The following paragraph is added at the end of Item 5 of the Disclosure Document:

Payment of all initial fees due under the Franchise Agreement is deferred until franchisor has completed all of its pre-opening obligations under the Franchise Agreement. Payment of all initial fees due under the Development Agreement is deferred until franchisor has completed all of its pre-opening obligations under the first franchise agreement entered into pursuant to the Development Agreement.

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 Maryland:

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.).

Pursuant to COMAR 02.02.08 16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

Any clause(s) referencing choice of forum is not applicable to claims arising under the Maryland Franchise Registration and Disclosure Law.

The following language is added to Item 17:

Any general releases you sign will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. (See Exhibit K to the Franchise Disclosure Document for the form of general release that we currently intend to use in connection with franchise transfers and renewals.)

Any limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes

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any other or inconsistent term of any document executed in connection with the franchise.



**ADDENDUM TO THE CHECKERS DRIVE-IN RESTAURANTS, INC. FRANCHISE  
DISCLOSURE DOCUMENT FOR  
THE STATE OF MICHIGAN**

**THIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT OF CHECKERS DRIVE-IN RESTAURANTS, INC. REFLECTS CERTAIN REQUIREMENTS OF THE STATE OF MICHIGAN. IT IS BEING PROVIDED TO YOU AT THE SAME TIME AS THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE FEDERAL TRADE COMMISSION, AND SHOULD BE REVIEWED IN CONJUNCTION WITH THE FRANCHISE DISCLOSURE DOCUMENT, OF WHICH THIS IS MADE A PART.**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishing 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.

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\* A federal court held that this provision of the Michigan law was preempted by the Federal Arbitration Act and therefore is not enforceable. We intend to enforce the arbitration clause as it is written in the agreements.

**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 ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Agency  
Attention: Franchise  
670 Law Building  
525 West Lansing  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

**ADDENDUM TO THE CHECKERS DRIVE-IN RESTAURANTS, INC. FRANCHISE  
DISCLOSURE DOCUMENT FOR  
THE STATE OF MINNESOTA**

1. Item 13 is amended by the addition of the following language:

The franchisor will protect the franchisee's right 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.

2. Item 17 is amended by the addition of the following paragraphs:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Stat. Sec. 80C.17 Subd. 5 provides that no action may be commenced more than three years after the cause of action accrues.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchisee.

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST**

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**7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

4. Each provision of this addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this addendum to the Franchise Disclosure Document.

**ADDENDUM TO THE CHECKERS DRIVE-IN RESTAURANTS, INC. FRANCHISE  
DISCLOSURE DOCUMENT FOR  
THE COMMONWEALTH OF VIRGINIA**

1. Item 5 is amended by the addition of the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee and other initial payments owed by area franchisees to the franchisor until the franchisor has completed all of its pre-opening obligations under the first franchise agreement entered into pursuant to the development agreement.

2. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17.h. of the Franchise Disclosure Document for Checkers Drive-In Restaurants, Inc. is supplemented by the following:

Under 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 ground for default or termination stated in the franchise agreement does 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.

3. Item 17 is amended by the addition of the following language:

Add the following after "r. Non-competition covenants after the franchise is terminated or expires":

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

Add the following after "w. Choice of law":

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

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4. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**ADDENDUM TO THE CHECKERS DRIVE-IN RESTAURANTS, INC.  
FRANCHISE DISCLOSURE DOCUMENT FOR  
THE STATE OF WISCONSIN**

**REGISTRATION OF THIS FRANCHISE IN WISCONSIN DOES NOT MEAN  
THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION  
IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.



**EXHIBIT J**

**AGREEMENT RIDERS FOR CERTAIN REGISTRATION STATES**

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**CALIFORNIA RIDER  
TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the California Franchise Investment Law and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed pursuant to the California Franchise Investment Law.

2. Initial Franchise Fee. Section 6.01 of the Agreement shall be amended by adding the following:

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**  
A Delaware Corporation

**FRANCHISEE**

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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**CALIFORNIA RIDER  
TO THE DEVELOPMENT AGREEMENT**

In recognition of the requirements of the California Franchise Investment Law and the rules and regulations promulgated thereunder, the Development Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Area Franchisee are parties to that certain Development Agreement dated \_\_\_\_\_, \_\_\_\_\_("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed pursuant to the California Franchise Investment Law.
2. Development Fee. Section 2.01 of the Agreement shall be amended by adding the following:

The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. For California franchisees who sign a Development Agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**  
A Delaware Corporation

**AREA FRANCHISEE**

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## ILLINOIS RIDER TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Franchised Restaurant to be operated by Franchisee pursuant to the Agreement will be located in the state of Illinois and/or because Franchisee is a resident of the state of Illinois. This Rider shall be of no force and effect unless the jurisdictional requirements of the Illinois Franchise Disclosure Act and any regulations thereunder are met independently without reference to this Rider.

2. Initial Franchise Fee. Section 6.01 of the Agreement shall be amended by adding the following:

Despite the payment provisions above, Franchisor will defer collection of all initial fees owed by Franchisee to Franchisor under this Agreement until Franchisor has completed all of its pre-opening obligations under this Agreement and the Franchisee has commenced doing business. This deferral requirement has been imposed by the Illinois Attorney General's Office based on the Franchisor's audited financial statements.

3. Arbitration; Jurisdiction and Venue. Sections 18.05 and 18.07 of the Agreement shall be amended by adding the following:

Despite the provision, Franchisor and Franchisee agree that any action brought by one of them against the other must be instituted in a state or federal court located in the State of Illinois.

4. Governing Law. Section 18.08 of the Agreement shall be amended by adding the following:

Despite the provision above, Franchisor and Franchisee agree that Illinois law will govern this Agreement.

5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

6. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a

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material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**  
A Delaware Corporation

**FRANCHISEE**

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

## ILLINOIS RIDER TO THE DEVELOPMENT AGREEMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act and the rules and regulations promulgated thereunder, the Development Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Area Franchisee are parties to that certain Development Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Restaurant(s) to be developed by Area Franchisee pursuant to the Agreement will be located in the state of Illinois and/or because Area Franchisee is a resident of the state of Illinois. This Rider shall be of no force and effect unless the jurisdictional requirements of the Illinois Franchise Disclosure Act and any regulations thereunder are met independently without reference to this Rider.

2. Development Fee. Section 2.01 of the Agreement shall be amended by adding the following:

Despite the payment provisions above, Franchisor will defer collection of all initial fees owed by Area Franchisee to Franchisor under this Agreement until Franchisor has completed all of its pre-opening obligations under the first franchise agreement entered into pursuant to this Agreement and Area Franchisee has commenced doing business under the first franchise agreement. This deferral requirement has been imposed by the Illinois Attorney General's Office based on the Franchisor's financial condition.

3. Arbitration; Jurisdiction and Venue. Sections 10.06 and 10.07 of the Agreement shall be amended by adding the following:

Despite the provision above, Franchisor and Area Franchisee agree that any action brought by one of them against the other must be instituted in a state or federal court located in the State of Illinois.

4. Governing Law. Section 10.07 of the Agreement shall be amended further by adding the following:

Despite the provision above, Franchisor and Franchisee agree that Illinois law will govern this Agreement.

5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

6. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as

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disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**  
A Delaware Corporation

**AREA FRANCHISEE**

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## MARYLAND RIDER TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Franchised Restaurant to be operated by Franchisee pursuant to the Agreement will be located in the State of Maryland and/or because Franchisee is a resident of the State of Maryland. This Rider shall be of no force and effect unless the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law and any regulations thereunder are met independently without reference to this Rider.

2. Your Acknowledgments. Sections 1.02 of the Agreement is hereby deleted and replaced with the following.

You accept the terms of this Agreement as being reasonably necessary to maintain the uniformity of our high quality standards at all Restaurants in order to protect the goodwill of the Marks and the integrity of the System. You recognize that the restaurant industry is highly competitive, with constantly changing market conditions. All acknowledgments or representations of Franchisee requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Your Representations. The following language is added to Section 1.03 of the Agreement:

All acknowledgments or representations of Franchisee requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Initial Franchise Fee. Section 6.01 shall be amended by adding the following:

Despite the payment provisions above, Franchisee need not pay Franchisor any initial fees due under this Agreement until Franchisor has completed all of its pre-opening obligations under this Agreement.

5. 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.).
6. Pursuant to COMAR 02.02.08 16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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7. Any clause(s) referencing choice of forum is not applicable to claims arising under the Maryland Franchise Registration and Disclosure Law.

8. Limitation on Claims. The following language is added to Section 18.03 of the Agreement:

However, the limitation of such claims shall not act to reduce the three (3) year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

9. Franchisee's Release. The following language is added to Section 18.14 of the Agreement:

However, such release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

10. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**  
A Delaware Corporation

**FRANCHISEE**

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## MARYLAND RIDER TO THE DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the rules and regulations promulgated thereunder, the Area Development Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Area Franchisee are parties to that certain Development Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Restaurant(s) to be developed by Area Franchisee pursuant to the Agreement will be located in the State of Maryland and/or because Area Franchisee is a resident of the State of Maryland. This Rider shall be of no force and effect unless the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law and any regulations thereunder are met independently without reference to this Rider.

2. Your Acknowledgments. Sections 1.02 of the Agreement is hereby deleted and replaced with the following:

You accept the terms of this Agreement as being reasonably necessary to maintain the uniformity of our high quality standards at all Restaurants in order to protect and preserve the goodwill of the Marks and the integrity of the System. You recognize that the restaurant industry is highly competitive, with constantly changing market conditions. You recognize that the nature of Restaurants may change over time. All acknowledgments or representations of Area Franchisee requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

2. Your Representations. The following language is added to Section 1.03 of the Agreement:

All acknowledgments or representations of Area Franchisee requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. Development Fee. Section 2.01 shall be amended by adding the following:

Despite the payment provisions above, Area Franchisee need not pay Franchisor any initial fees due under this Agreement until Franchisor has completed all of its pre-opening obligations under the first franchise agreement entered into pursuant to this Agreement.

4. The 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.).

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5. Pursuant to COMAR 02.02.08 16L, the general release required as a condition of renewal and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
6. Any clause(s) referencing choice of forum is not applicable to claims arising under the Maryland Franchise Registration and Disclosure Law.
7. Limitations on Legal Actions. The following language is added to Section 10.03 of the Agreement:  
  
However, the limitation of such claims under this Section shall not act to reduce the three (3) year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.
8. Release. The following language is added to Section 10.13 of the Agreement:  
  
However, such release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.
9. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**  
A Delaware Corporation

**AREA FRANCHISEE**

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## MINNESOTA RIDER TO THE FRANCHISE AGREEMENT

In recognition of the requirements of the Minnesota Franchise Law and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Franchised Restaurant to be operated by Franchisee pursuant to the Agreement will be located in the State of Minnesota and/or because Franchisee is a resident of the State of Minnesota. This Rider shall be of no force and effect unless the jurisdictional requirements of the Minnesota Franchise Law and any regulations thereunder are met independently without reference to this Rider.
2. Trademarks. Section 5.04 shall be amended by adding the following:

"Franchisor will protect the Franchisee's right 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."
3. Franchisee's Right to Transfer. Section 13.02 and Renewal of Rights Section 15.03 are amended by the inclusion of the following:

Under Minn. Rule 2860.4400D, we are prohibited from requiring you to sign a general release.
4. Termination of Agreement. Sections 14.01 and 14.02 shall be amended by adding the following:

"With respect to franchises governed by Minnesota law, the 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 notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.
5. Miscellaneous. Sections 18.04 and 18.09 shall be amended by the inclusion of the following:

Under Minn. Rule 2860.4400J, a franchisee cannot waive any rights, and the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief. The court will also determine whether a bond is required.
6. Miscellaneous. Section 18.07 is amended by the inclusion of the following:

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Notwithstanding the foregoing, Minnesota Rule 2860.4400J prohibits the waiver of a jury trial.

7. Miscellaneous. Sections 18.05, 18.07 and 18.08 shall be amended by adding the following:

“Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, this section shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80C.”

8. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.      FRANCHISEE**  
A Delaware Corporation

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## MINNESOTA RIDER TO THE DEVELOPMENT AGREEMENT

In recognition of the requirements of the Minnesota Franchise Law and the rules and regulations promulgated thereunder, the Development Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Area Franchisee are parties to that certain Development Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Restaurant(s) to be developed by Area Franchisee pursuant to the Agreement will be located in the State of Minnesota and/or because Franchisee is a resident of the State of Minnesota. This Rider shall be of no force and effect unless the jurisdictional requirements of the Minnesota Franchise Law and any regulations thereunder are met independently without reference to this Rider.

2. Area Franchisee's Right to Transfer. Section 7.02 is amended by the inclusion of the following:

Under Minn. Rule 2860.4400D, we are prohibited from requiring you to sign a general release.

3. Termination of Agreement. Sections 8.01 and 8.02 shall be amended by adding the following:

"With respect to franchises governed by Minnesota law, the 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 notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.

4. Miscellaneous. Sections 10.05 and 10.09 are amended by the inclusion of the following:

Under Minn. Rule 2860.4400J, a franchisee cannot waive any rights, and the franchisee cannot consent to the franchisor obtaining injunctive relief, although the franchisor may seek injunctive relief. The court will also determine whether a bond is required.

5. Miscellaneous. Sections 10.06 and 10.07 shall be amended by adding the following:

"Pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, this section shall not in any way abrogate or reduce any rights of the franchisee as provided for in Minnesota Statutes, Chapter 80C."

6. Miscellaneous. Section 10.06 is amended further by the inclusion of the following:

Minnesota Rule 2860.4400J prohibits the waiver of a jury trial.

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7. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**      **AREA FRANCHISEE**  
A Delaware Corporation

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## **NEW YORK RIDER TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the New York General Business Law and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Franchised Restaurant to be operated by Franchisee pursuant to the Agreement will be located in the State of New York and/or because Franchisee is a resident of the State of New York. This Rider shall be of no force and effect unless the jurisdictional requirements of the New York General Business Law and any regulations thereunder are met independently without reference to this Rider.
2. Releases. Sections 13.02(i) and 15.03 are amended by the inclusion of the following:

“, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights Franchisee enjoys and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.”
3. Franchisor's Right to Transfer. The following is added as a new Section 13.08:

“However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume Franchisor’s obligations under this Agreement.”
4. Termination of Agreement. Sections 14.01 and 14.02 shall be amended by adding the following:

“Franchisee may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”
5. Governing Law. Sections 18.05 and 18.07 shall be amended by adding the following:

“However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.”

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6. Limitations on Legal Actions. Sections 18.03 and 18.10 shall be amended by adding the following:

“To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.”

7. Application of Rider. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if Franchisee is domiciled, and the franchise will be opened, in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

8. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**      **FRANCHISEE**  
A Delaware Corporation

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## **NEW YORK RIDER TO THE DEVELOPMENT AGREEMENT**

In recognition of the requirements of the New York General Business Law and the rules and regulations promulgated thereunder, the Development Agreement shall be modified by this document (the "Rider") as follows:

1. Background. Franchisor and Area Franchisee are parties to that certain Development Agreement dated \_\_\_\_\_, \_\_\_\_\_ ("Agreement") that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Restaurant(s) to be developed by Area Franchisee pursuant to the Agreement will be located in the State of New York and/or because Franchisee is a resident of the State of New York. This Rider shall be of no force and effect unless the jurisdictional requirements of the New York General Business Law and any regulations thereunder are met independently without reference to this Rider.
2. Releases. Section 7.02(h) is amended by the inclusion of the following:

“, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, all rights Franchisee enjoys and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.”
3. Franchisor's Right to Transfer. The following is added as a new Section 7.08:

“However, to the extent required by applicable law, no assignment will be made except to an assignee who, in Franchisor’s good faith judgment, is willing and able to assume Franchisor’s obligations under this Agreement.”
4. Termination of Agreement. Sections 8.01 and 8.02 shall be amended by adding the following:

“Franchisee may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.”
5. Governing Law. Sections 10.06, 10.07 and 10.08 shall be amended by adding the following:

“However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.”

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6. Limitations on Legal Actions. Sections 10.03 and 10.09 shall be amended by adding the following:

“To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.”

7. Application of Rider. There are circumstances in which an offering made by Franchisor would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if Franchisee is domiciled, and the franchise will be opened, in New York. Franchisor is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

8. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**

**AREA FRANCHISEE**

A Delaware Corporation

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## **VIRGINIA RIDER TO THE FRANCHISE AGREEMENT**

In recognition of the requirements of the Virginia Retail Franchising Act and the rules and regulations promulgated thereunder, the Franchise Agreement shall be modified by this document (the “Rider”) as follows:

1. Background. Franchisor and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ (“Agreement”) that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Franchised Restaurant to be operated by Franchisee pursuant to the Agreement will be located in the Commonwealth of Virginia. This Rider shall be of no force and effect unless the jurisdictional requirements of the Virginia Retail Franchising Act and any regulations thereunder are met independently without reference to this Rider.

2. Initial Franchise Fee. Section 6.01 shall be amended by adding the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires Franchisor to defer payment of the initial franchise fee and other initial payments owed by Franchisee to Franchisor until Franchisor has completed its pre-opening obligations under the Franchise Agreement.

3. Covenant Not to Compete. Section 16.03 shall be amended by adding the following:

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

4. Governing Law. Section 18.08 shall be amended by adding the following:

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a

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material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**      **FRANCHISEE**  
A Delaware Corporation

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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## **VIRGINIA RIDER TO THE DEVELOPMENT AGREEMENT**

In recognition of the requirements of the Virginia Retail Franchising Act and the rules and regulations promulgated thereunder, the Development Agreement shall be modified by this document (the “Rider”) as follows:

1. Background. Franchisor and Area Franchisee are parties to that certain Development Agreement dated \_\_\_\_\_, \_\_\_\_\_ (“Agreement”) that has been entered into concurrently with the entering of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because the Restaurant(s) to be developed by Area Franchisee pursuant to the Agreement will be located in the Commonwealth of Virginia. This Rider shall be of no force and effect unless the jurisdictional requirements of the Virginia Retail Franchising Act and any regulations thereunder are met independently without reference to this Rider.

2. Development Fee. Section 2.01 shall be amended by adding the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires Franchisor to defer payment of the development fee and other initial payments owed by Area Franchisee to Franchisor until Franchisor has completed all of its pre-opening obligations under the first franchise agreement entered into pursuant to the Development Agreement.

3. Covenant Not to Compete. Section 9.02 shall be amended by adding the following:

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

4. Governing Law. Section 10.08 shall be amended by adding the following:

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided

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by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

**CHECKERS DRIVE-IN RESTAURANTS, INC.**

A Delaware Corporation

**AREA FRANCHISEE**

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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**RIDER TO THE CHECKERS DRIVE-IN RESTAURANTS, INC. FRANCHISE AGREEMENT  
FOR USE IN INDIANA, MICHIGAN, RHODE ISLAND, AND WISCONSIN**

**This Rider** (the “**Rider**”) is made and entered into by and between CHECKERS DRIVE-IN RESTAURANTS, INC., a Delaware corporation located at 4300 West Cypress Street, Suite 710, Tampa, Florida 33607 (“**Franchisor**”), and \_\_\_\_\_, whose principal business address is \_\_\_\_\_ (“**Franchisee**”).

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance in Certain States.** The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Indiana, Michigan, Rhode Island, or Wisconsin:

No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider effective on the Effective Date stated in the Franchise Agreement.

**CHECKERS DRIVE-IN RESTAURANTS, INC.      FRANCHISEE**  
A Delaware Corporation

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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**EXHIBIT K**

**SAMPLE GENERAL RELEASE**

**CHECKERS DRIVE-IN RESTAURANTS, INC.**  
**GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE**

Checkers Drive-In Restaurants, Inc. (“we,” “us,” or “our”) and the undersigned franchisee, \_\_\_\_\_ (“you” or “your”), currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Checkers Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Checkers Parties (1) arising out of or related to the Checkers Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Checkers Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Checkers Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your transferring owners likewise grant to us the release and covenant not to sue provided above.

***[Signature Page Follows]***

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Sample Consent/Release-1

\*\*\*\*\*

**The following language applies only to transactions governed by the  
Maryland Franchise Registration and Disclosure Law**

The release provided above will not apply to the extent prohibited by the Maryland Franchise Registration and Disclosure Law. Subject to your arbitration obligation under the Franchise Agreement, you may commence a lawsuit against us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

\*\*\*\*\*

**CHECKERS DRIVE-IN RESTAURANTS, INC.      FRANCHISEE**  
A Delaware Corporation

By:\_\_\_\_\_

By:\_\_\_\_\_

Title:\_\_\_\_\_

Title:\_\_\_\_\_

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Sample Consent/Release-2

### State Effective Dates

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

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

| STATE      | CHECKERS EFFECTIVE DATE | RALLY'S EFFECTIVE DATE |
|------------|-------------------------|------------------------|
| California |                         |                        |
| Illinois   | April 20, 2026          | April 20, 2026         |
| Indiana    | April 20, 2026          | April 20, 2026         |
| Maryland   |                         |                        |
| Michigan   | April 20, 2026          | April 20, 2026         |
| Minnesota  |                         | Not Registered         |
| New York   |                         | Not Registered         |
| Virginia   |                         | Not Effective          |
| Wisconsin  | April 20, 2026          | Not Registered         |

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.

**[Our copy - Insert date, sign and return to us]**

Checkers/Rally's  
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## **ITEM 23**

### **RECEIPT**

This Franchise Disclosure Document for Checkers Restaurants and Rally's Restaurants summarizes certain provisions of the franchise agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If Checkers Drive-In Restaurants, Inc. ("Checkers") offers you a franchise, Checkers must provide this Franchise Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable state law. Applicable state law in (a) Michigan requires us to provide you the Franchise Disclosure Document at least 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale and (b) New York and Rhode Island require us to provide you the Franchise Disclosure Document the earlier of the first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Checkers does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency.

The name, principal business address, and telephone number of the franchise seller(s) offering the franchise is (check the appropriate seller):

☐ Robert Bhagwandat, 4300 West Cypress Street, Suite 600, Tampa, Florida 33607, (813) 283-7000;

☐ Eileen Himber, 4300 West Cypress Street, Suite 600, Tampa, Florida 33607, (813) 283-7000; and/or

☐ \_\_\_\_\_

Issuance Date: April 17, 2026

I received a Franchise Disclosure Document dated April 17, 2026. The Franchise Disclosure Document included the following Exhibits and Attachments:

|             |                                                      |           |                                            |
|-------------|------------------------------------------------------|-----------|--------------------------------------------|
| Exhibit A   | List of State Agencies/Agents for Service of Process | Exhibit C | Development Agreement                      |
| Exhibit B   | Franchise Agreement                                  | Exhibit D | Operations Manual Table of Contents        |
| Exhibit B-1 | Existing Franchisee Incentive Addendum               | Exhibit E | Electronic Payment Authorization           |
| Exhibit B-2 | Growth Incentive Addendum                            | Exhibit F | List of Current Franchisees                |
| Exhibit B-3 | Non-Traditional Site Addendum                        | Exhibit G | List of Former Franchisees                 |
| Exhibit B-4 | Vet Fran Addendum                                    | Exhibit H | Financial Statements                       |
| Exhibit B-5 | Women Business Owner Addendum                        | Exhibit I | Disclosure Addenda For Registration States |
| Exhibit B-6 | Reimage Incentive Addendum                           | Exhibit J | Agreement Riders For Registration States   |
| Exhibit B-7 | Purchase of Company-Owned Restaurant Addendum        | Exhibit K | Sample General Release                     |

\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Print Name

**[Our copy - Insert date, sign and return to us]**

Checkers/Rally's  
2026 FDD

## **ITEM 23**

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\_\_\_\_\_  
Date

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Print Name

**[Your copy - Insert date, sign and keep for your records]**

Checkers/Rally's  
2026 FDD