

preferably 20' wide although we may consider smaller spaces depending on the circumstances. We do not anticipate consenting to a store having square footage greater than 1,600 absent special circumstances. We estimate that starting rent (except for regional shopping malls, where rent varies widely and is generally substantially higher) will be between \$20 and \$45 (gross) per square foot of space annually depending on factors such as market conditions, available space, and the location of the premises. Based on leases entered into in 2023, we believe a realistic rental goal would be between \$22 and \$45 (gross) per square foot. Depending on the landlord's policies and practices, you may have to pay rent on the basis of a percentage of your gross sales plus a base rent. In addition, security deposits are typically required and are usually equal to 1 or 2 months of rent. You may also be responsible under the lease for real estate taxes, maintenance and repair expenses, utilities, construction "back charges," common area charges, common advertising charges, insurance coverages (including insurance for business interruption of the operation of your Penn Station Restaurant to cover rent payments) and other charges. Rent payments usually begin on the first day of the month of operation. All these policies and requirements will vary depending on the individual landlord. *See Item 19 below for more information regarding rent costs.*

(3) Store Construction includes plumbing, electrical, hood and HVAC systems, cabinets, interior walls, counter tops, decor, floor and wall coverings, lighting, installation labor, and other interior improvements and decor.

(4) Equipment includes grills, ovens, refrigerators, food storage and preparation equipment (including food preparation tables), fryers, beverage dispensing machines, small wares, signs, food photographs, television, plaques, point-of-sale (referred to in this disclosure documents as "POS") system and other operational equipment and trade fixtures used in your Penn Station Restaurant.

(5) Opening Inventory includes meats, produce, cheeses, drinks, bread, paper products, small wares and implements, beverage containers, miscellaneous supplies, and an initial set of uniforms.

(6) This additional amount estimates initial cash startup expenses and your ordinary recurring cash business expenses per Restaurant opened for a three-month period in addition to the other expense items listed in this Item 7. This additional amount is an approximate sum that is based on (a) information supplied to us from our franchisees who opened Restaurants during calendar years 2021 to 2023 and (b) our business judgment that having at least \$10,000 of additional, contingency capital is prudent when opening a new Restaurant. Of those franchisees who opened new Restaurants during calendar years 2021 to 2023, approximately 13.04% of those franchisees reported to us additional cash requirements above the available cash flow from their operations over that entire three-month period. Of those franchisees, the average additional funds needed during that three-month period were approximately \$13,783. These additional initial cash startup expenses could include, for example, pre-opening payroll costs (except for owners and operators), recruiting fees for employees, advertising, pre-opening utilities, accounting, and ordinary costs of doing business during the three-month period (including royalties paid to us). These additional initial cash startup expenses do not include any compensation, benefits, or distributions to the owners or operators of the Restaurant. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business or if or when the business will break even. Your costs (and therefore your cash reserve requirements) will depend on factors such as: how closely you follow our methods and procedures; the local market for Penn Station Restaurant products, including the location of your Restaurant; the length of time between the date you begin incurring costs (including the hiring of your General Manager and Operations Director, if applicable) and the date you open your Restaurant for business; whether the Managing Owner operates the first Restaurant in lieu of hiring a General Manager; whether you are opening a Restaurant in a market where there were previously no Penn Station Restaurants; and the sales level reached during and after the first three months of operation. *See Item 19 below. You should prepare a business plan, after consulting with your accountant and other franchisees in similar markets, that considers long-term and short-term cash needs and reserve requirements.*

(7) We require you to spend up to \$10,000 for Grand Opening Advertising. *See Item 8.*

(8) This amount estimates the interest cost (which may be in the form of fees) on your financing (per Restaurant) before your Penn Station Restaurant opens. This expense was based solely on amounts reported to us by franchisees who opened Restaurants in 2023. This expense will vary greatly depending on the terms you negotiate with your lender, including the interest rate and the date you must start paying interest.

(9) This amount does not include the cost of any construction-related permits which vary greatly with the building/zoning department of each locality. Construction-related permits are included in the cost of construction.

(10) The amounts given in this Item 7 reflect our estimate based on information reported to us by our franchisees. The exact cost will depend on a variety of factors that we cannot know in advance, such as the layout, geographical location, and initial condition of the site for your Penn Station Restaurant, whether the Restaurant is free-standing, what amount of the development costs your landlord is willing to assume, local licensing, compliance with building codes and other laws, economic conditions, and technology changes. You should review these figures carefully with a business advisor before making any decision to purchase a Penn Station franchise. For Restaurants opened in 2023, the average amount spent for Store Construction and Equipment was \$548,303 with four Restaurants above the average and five Restaurants below the average. Nine new Restaurants opened in 2023.

(11) We do not offer direct or indirect financing to franchisees for any items. Our affiliate, PS Realty, has, in the past, acquired and developed, but does not actively acquire and develop, free-standing Restaurants. It leased the land, the building shell, and, in some cases, certain interior improvements to our franchisees. A \$10,000 security deposit is required. *See Item 10 below.*

(12) Some landlords grant to franchisees an allowance for store construction as an inducement to sign a lease. During 2023, the average allowance of the five franchisees who received allowances was \$54,740 with four out of nine new Restaurants receiving no allowance. We have deducted the average allowance from the store construction cost shown in the table in this Item 7 and in the total cost amount shown above.

(13) You will only pay a Territory Fee of \$3,500 per Restaurant if you and we sign a Multi-Unit Agreement. The Territory Fee is based on the number of Penn Station franchises to be opened under your Multi-Unit Agreement. The minimum number of Restaurants that you will be required to open under the Multi-Unit Agreement is two (the fee is \$3,500 per Restaurant to be opened under your Multi-Unit Agreement). The estimate above assumes that you will open the minimum number of Restaurants. If you sign a Multi-Unit Agreement, you will not be charged the Site Development Fee described in the table above. *See Item 5 above for additional information regarding the Territory Fee.*

## **ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### Types of Products and Services Covered:

#### Restaurant Operational Items:

All food (including beverage, bread and produce) and paper inventories, equipment, furnishings (including furniture), food preparation supplies, janitorial supplies, laundry services, uniforms, credit card processors, delivery services, and on-line ordering services (referred to in this disclosure document as "Restaurant Operational Items") must meet our standards and specifications. We have these requirements to maintain and enhance the Penn Station Restaurant image, to have a uniform identification of Penn Station Restaurants by the

public, to preserve and enhance the goodwill associated with our Marks (as defined in Item 13), to fulfill our customers' on-going expectations, and to achieve better prices for franchisees. Please see Item 11 regarding your purchase of a POS system, including computer hardware and software, and the System-wide updates to our menu.

Our standards and specifications for Restaurant Operational Items are formulated by considering cost and quality, performance, effectiveness, durability, function, appearance, taste (in the case of food ingredients), size, color, design, material, and other characteristics incident to maintaining our System, the Penn Station image, and consumer expectations. In most cases, we do not maintain written standards or specifications for Restaurant Operational Items, rather, the "standard" or the "specification" becomes the currently approved Restaurant Operational Items. We select specific Restaurant Operational Items based on past experiences, the experience of franchisees, price, the characteristics of the specific Restaurant Operational Items, industry standards and dynamics, and our continuing analysis of our franchisees' Restaurants. Our specifications, and the specific Restaurant Operational Items that we select on the basis of these specifications, are modified periodically as we discover better suited Restaurant Operational Items.

We mandate the use of certain authorized suppliers, including manufacturers, for selected Restaurant Operational Items. For example, all food, produce, bread, paper, and janitorial supplies are purchased from one national food service distributor and all fountain beverages from one national supplier. Although we have a national supplier, the local or regional distributor of that supplier for your area may be the company from whom you will be receiving the applicable goods and services. By aggregating buying power, we are striving to achieve overall price, quality, and service advantages for our franchisees although certain items, isolated by themselves, may be available at lower prices. If we have mandated a particular authorized supplier, you may not use or contract with an alternative supplier for those Restaurant Operational Items. Where we have not mandated a supplier for a particular Restaurant Operational Item, you may seek our consent to use an alternative supplier. We will communicate to you our list of authorized suppliers, including those which are mandated. We will do so through the Penn Station Outernet that is accessible by franchisees. Even if we have not mandated the use of an authorized supplier for a particular Restaurant Operational Item, we nonetheless may have negotiated favorable pricing arrangements with an authorized supplier for the particular Restaurant Operational Item. Accordingly, although you may wish us to consent to an alternative supplier proposed by you, we strongly suggest that you use those authorized suppliers (who are not mandated) with whom we have negotiated favorable pricing arrangements for obvious price reasons. We may elect to establish a Company-operated commissary for certain proprietary food items. If so, we would be a mandated supplier for those food items.

In selecting a particular supplier, we evaluate the supplier's product and product consistency, production and delivery capability to meet supply commitments, integrity of management, financial capability, and pricing. In the case of services, we evaluate the competence, professionalism, pricing, integrity, and response to our franchisees' needs.

Our authorized supplier list, our standards and specifications (to the extent written standards and specifications are separately maintained), and the specified Restaurant Operational Items are listed in the Penn Station Outernet that is accessible by franchisees. Supplier lists and standards and specifications (to the extent written standards and specifications are separately maintained) for Restaurant Operational Items are not available to alternative suppliers that you may propose to use. We may change, effective immediately upon notice to you, the supplier or suppliers who are authorized or mandated by us for a given Restaurant Operational Item.

We authorize suppliers in accordance with our experience, our investigation of industry standards, the experience of our franchisees (including the advice of our Franchisee Advisory Council), and our continuing analysis of our franchisees' Restaurants and our competitors. In establishing standards and specifications for Restaurant Operational Items, selecting the specific Restaurant Operational Items, or selecting or mandating the suppliers, we make no representations or warranties to you, express or implied, about the performance, fitness for

a particular purpose or merchantability of the Restaurant Operational Items, or any representations or warranties about the suppliers.

If you desire to purchase (or any supplier designated by you proposes to sell) (i) any Restaurant Operational Items not previously approved by us or (ii) any approved Restaurant Operational Items from a supplier who has not yet been authorized by us, then you must submit to us the Restaurant Operational Item (if tangible) along with appropriate literature and drawings, if applicable, pertaining to the Restaurant Operational Item and information relative to the proposed supplier for our consent. We do not have a policy regarding how long it will take before you receive notification of our consent or disapproval of your proposal. We do not currently charge a fee for evaluating your proposed supplier. If the particular Restaurant Operational Item is sold by a supplier whom, at the time of your request, we made the use of mandatory, then we will not consider your request. We may require, as a condition of our consent, that our employee or agent be permitted to inspect the supplier's facilities and that samples from the supplier be delivered to us for testing. We reserve the right to reinspect the facilities and products of any alternative supplier that you proposed and we authorized and to revoke our consent if (a) the supplier does not meet any of our standards or specifications or the requirements of our Operating Manual, or (b) we elect to make a different supplier for the particular Restaurant Operational Items mandatory. Within a reasonable time after inspection and testing, we will notify you either orally or in writing whether either or both of the proposed supplier or any proposed alternative Restaurant Operational Items are consented to by us. If any Restaurant Operational Items you submit or a supplier you propose is not authorized, we will inform you of the reasons the Restaurant Operational Item or the supplier does not meet our standards. Our disapproval is final. There are no procedures for resolving a difference of opinion between you and us on these matters, and you will not be permitted to contract with alternative suppliers in those instances.

#### Penn Station Restaurant Construction:

If we consent to your location for a Restaurant and you have leased the location in accordance with your Franchise Agreement, then you must purchase and construct the required improvements and decor and install the required equipment, furnishings, furniture, and fixtures (referred to in this disclosure document as the "Restaurant Improvements") in accordance with our Construction Guidelines that are in effect when you build your Restaurant. The "Construction Guidelines" means the latest set of architectural drawings and construction documents for a Penn Station Restaurant which we have adopted as prototypical for construction as of the date that you are constructing or remodeling your Restaurant.

After the Franchise Agreement is signed by you and us, we will make available to you the Construction Guidelines and the name of authorized architects. We limit the number of authorized architects to achieve favorable pricing for our franchisees and to increase the efficiency and effectiveness of the plan preparation process. If you seek to use an architect who is not designated by us as pre-authorized, you must pay an additional fee to one of our authorized architects to review any plans prepared by your architect. *See Item 6 above.* We have no obligation to review your location-specific drawings and construction documents until you have signed a Franchise Agreement. Our consent of the location-specific drawings and construction documents for your Restaurant may in no way be construed to be a warranty or representation as to the quality or sufficiency of the design, the architectural concepts, or the construction methods or materials called for in those drawings or documents or whether those drawings and documents meet the requirements of local, state, or national laws and regulations.

We will make available to you, after your Franchise Agreement has been signed, the name of the authorized supplier for those items of the Restaurant Improvements that are restaurant equipment. If you propose to purchase any item of the Restaurant Improvements which is equipment (large or small) or signage from any supplier who has not been previously authorized by us, then you must seek our consent to use that supplier in the

same manner discussed earlier in this Item 8. For the construction (and remodel) of the Restaurant, you must use a reputable, good quality general contractor having sufficient restaurant construction experience.

If you propose to enter into a lease for any equipment, then, at our option, you must use your best efforts to have the lease contain certain terms and conditions which, among others, allow us to obtain an assignment of the lease or leases at our option if your Franchise Agreement expires or is terminated.

**Real Estate:**

You may not directly or indirectly own the real estate on which your Penn Station Restaurant is located unless (i) the proposed rental rate is a market rate, and the lease, which is in writing, is otherwise on market terms and conditions, (ii) your development capital is adequate to complete your obligations that you may have under any Multi-Unit Agreement with us and to own the real estate, and (iii) the term of the proposed lease is coterminous with your Franchise Agreement with us.

In the past, PS Realty acquired and developed free-standing Restaurants (see Item 10 below), but PS Realty is no longer pursuing the acquisition and development of free-standing Restaurants. We have not received in the past any fee from PS Realty for referring to it any franchisee that leased a free-standing Restaurant from PS Realty (regardless of whether PS Realty actually bought the property and constructed the applicable improvements).

For any lease you propose to sign for any of your Restaurant locations, you must have signed, as part of your lease, our mandatory lease addendum that is in effect at the time you sign your lease (referred to in this disclosure document as the “Lease Addendum”). We will not consent to your lease without having our Lease Addendum signed as part of it. A copy of our current Lease Addendum is attached as Exhibit D.

**Store Remodeling; Equipment Replacement:**

You are required periodically to remodel your Restaurant (Section 5.1.6 of the Franchise Agreement). Your remodeling obligation is separate from, and in addition to, your obligation to redecorate, repaint, and repair your Restaurant (Section 5.1.6 of the Franchise Agreement) and to purchase new menu boards, in-store displays and other point of sale materials (including food photographs) advertising or promoting the changes and any related equipment that Penn Station has determined is needed in connection with a change in products or services that Penn Station has implemented (Section 5.1.3 of the Franchise Agreement). Assuming your Franchise Agreement goes to full term (*i.e.*, the agreement is renewed three times after the initial five-year term), you will not be required to fully remodel your Restaurant more than two times during the 20-year period. Furthermore, we will not ask you to fully remodel any sooner than five years from the date we last asked you to perform a full remodel (Section 5.1.6 of the Franchise Agreement). We decide the scope of the remodeling which is required. It will vary depending on the condition of the Restaurant and how much the Restaurant varies from the most current Restaurant prototype, including decor and equipment. When you undertake your remodeling, you may be required by law or by us to hire an authorized architect to have a preliminary floor plan and location-specific drawings and construction documents prepared according to the Construction Guidelines, as described on the preceding pages of this Item 8. You must complete the remodeling process within approximately one year after we deliver to you a request for remodeling (subject to permitted extensions of time, of a duration and frequency as we determine, for delays beyond your control).

In addition to the remodeling described above, you must also remodel your Restaurant in cases where the Franchise Agreement has been in effect for the full term of 20 years (*i.e.*, an initial term of five years and three, five-year renewal terms), and the Full Term Franchisee is purchasing a new Penn Station franchise for the same Restaurant location under a new franchise agreement for an additional term of 20 years (*i.e.*, assuming all three

of the five-year renewal terms were made after the initial term of five years). We decide the scope of the remodeling which is required in those circumstances. It will vary depending on the condition of the Restaurant and how much the Restaurant varies from the most current Restaurant prototype, including decor and equipment. When you undertake your remodeling, you may be required to hire an authorized architect to have a preliminary floor plan and location-specific drawings and construction documents prepared according to the Construction Guidelines, as described on the preceding pages of this Item 8. You must complete the remodeling process within approximately one year after we deliver to you a request for remodeling (subject to permitted extensions of time, of a duration and frequency as we determine, for delays beyond your control).

If, after beginning operation of your Restaurant, you propose to purchase or install in the Restaurant any Restaurant Improvements not previously approved by us or to make any alterations to your Penn Station Restaurant, then you must first seek our consent. The process to obtain our consent is the same as the initial process as discussed in this Item 8.

**Third-Party Delivery; Third-Party Catering; Web Ordering:**

We have made arrangements with four national, third-party service providers that provide platforms and systems for one or more web-based and mobile platforms and/or apps that connect Restaurants, delivery personnel, and customers. We have mandated that our franchisees offer third-party delivery services to customers. Accordingly, franchisees must receive orders through, and delivery services from, any or all of these service providers (and/or independent contractor delivery and service providers obtained through those platforms and systems) if available. In connection with obtaining those services, franchisees will enter separate contractual arrangements with the respective service providers. As an owner of a company-owned unit, we participate in these services on the same terms as franchisees. These third-party services providers charge fees and commissions for their services that are payable by franchisees.

ItsaCheckmate.com Inc. (referred to in this disclosure document as “ItsaCheckmate”) and our current POS system vendor, North Key Systems Inc. (referred to in this disclosure document as “North Key) have developed integrations of the third-party service providers’ platforms and systems. You are required to enter separate contractual arrangements with and pay fees directly to each of ItsaCheckmate.com Inc. and North Key for on-going services that facilitate the operation of these integrations.

We made an agreement with ezCater, Inc. (referred to in this disclosure document as “ezCater”), a national, third-party service provider that connects businesses with restaurants and caterers through its online, web-based, and mobile platforms. Franchisees may, at their option, choose to receive orders through and delivery services from ezCater (and/or independent contractor delivery and services providers engaged by ezCater to assist with, or to perform certain services on behalf of, ezCater). In connection with obtaining those services, franchisees will enter separate contractual arrangements with the various service providers on the ezCater platform. As an owner of a company-owned unit, we participate in these services on the same terms as franchisees. ezCater charges commissions and fees for its services payable by franchisees.

We have a website-based online ordering system for all Restaurants that includes hosted website pages with online ordering capabilities (referred to in this disclosure document as the “Web Ordering System”). The Web Ordering System is mandatory for, and uniformly imposed on, all franchisees. The vendor of the Web Ordering System (currently, ItsaCheckmate) charges fees payable by you for its services. The fees to be paid by franchisees to the vendor of the Web Ordering System are applied on a per Restaurant basis. To participate in the Web Ordering System, franchisees will enter separate contractual arrangements with the vendor. As an owner of a company-owned unit, we participate in these services on the same applicable terms as franchisees. The fees to be paid by franchisees to the vendor of the Web Ordering System will be payable monthly. If we decide to

implement a Loyalty Program (as defined below) in the future, we anticipate it will be activated for use with the Web Ordering System.

We have made arrangements with third-party service providers that provide integrated, white-label solutions for last-mile delivery of products sold at Restaurants, which are ordered by Restaurant customers through the Web Ordering System. These arrangements are mandatory for all franchisees. The Web Ordering System includes delivery fees that are payable to the third-party service providers, but may be passed through by the franchisee to its customers. As an owner of a company-owned unit, we participate in these services on the same applicable terms as franchisees.

Software Maintenance and Security Products:

You must obtain a monthly software service and support arrangement from our vendor for the North Key POS system. The monthly cost of that service includes access to, and the cost of, TeamPenn.com. This requirement is uniformly imposed by us. *See Item 11 under "Computer System".* You must also obtain an annual software service, support, and maintenance arrangement from our vendor for the SonicWALL Router and obtain a gateway security suite of software products for the SonicWALL Router. *See Item 11 under "Computer System".*

Advertising; Marketing; Digital Gift Cards; Promotion; Electronic Media:

Approved and Mandated Advertising:

Because we own the Penn Station Marks, all of your advertising must conform to our standards and requirements. In many cases, however, we do not maintain written advertising standards available to be given to you, but we have selected or approved certain advertising based on our past experience, the industry, the experience of our franchisees, and our continuing analysis of Penn Station Restaurants. Accordingly, once you become a franchisee, you will have access to existing, available examples of approved advertising through the Penn Station Outernet (that is accessible by franchisees), and we will review all advertising submitted by you based on our standards and requirements. P.S. National Fund and/or Penn Station may retain an outside, local advertising agency for System advertising. *See Item 11 for more information concerning advertising.* With that exception, we do not maintain an authorized list of suppliers of advertising. We also do not currently maintain criteria for approving suppliers of advertising. Our standards are used both for purposes of reviewing proposed franchisee advertising under cooperative advertising programs, described in Item 6 above, and for developing pre-approved local, regional, and, if applicable, national advertising programs to be carried out by P.S. National Fund. We plan to solicit from time to time the advice of our Franchisee Advisory Council, P.S. National Fund, and the formal and informal advertising cooperatives as to the advertising, marketing, and promotional materials produced with monies from the national fund.

You must submit to us for our prior consent samples of all advertising plans and materials that you intend to use which were not prepared or previously approved by us. As owner of the Penn Station Marks, we must have complete control over how our Marks, our System, and the Penn Station Restaurants are depicted and advertised; accordingly, our decision to consent to or disapprove advertising submitted by you is final, and there is no procedure in your Franchise Agreement for resolving a difference of opinion between you and us on this matter. If you do not receive from us written disapproval within 30 days from the date we receive your advertising plans and materials, then you have the required consent. Once given, however, we can later revoke our consent. As a condition to any consent by us of any advertising proposed by you (or by P.S. National Fund or any cooperative of which you are a member), you (and P.S. National Fund and any cooperative) must transfer to us any rights you may have in the advertising.

You must display our Marks in the manner we require on all of your signs and advertising materials.

We require you to spend up to \$10,000 for a grand opening event and marketing support at any time within the first 180 days of your Restaurant opening (referred to in this disclosure document as “Grand Opening Advertising”). This requirement may be waived (a) if your Restaurant is not in a Mature Market and its sales are equal to or above the average for all Restaurants or (b) if your Restaurant is in a Mature Market. “Mature Market” means, in this disclosure document, a market, as defined by Penn Station, in which a sufficient number of Penn Station Restaurants have been opened and are operating in relation to the total number of Restaurants that could be opened and operated in that market, all as determined solely by Penn Station.

At our election from time to time, we may establish, with our third-party delivery service providers, marketing programs associated with one or more of the delivery services. We may suggest to P.S. National Fund, and P.S. National Fund may elect, to use funds from the national fund from time to time to pay for some portion of the cost of those marketing programs. If we establish marketing programs with third-party delivery service providers, the applicable franchisees covered by those marketing programs will be obligated to participate in those marketing programs, which we will apply to those franchisees (and us, if applicable) on a uniform basis.

Digital Gift Cards:

We have selected a vendor to provide a digital gift card, providing guests the ability to purchase digital and physical gift cards through an online Penn Station Restaurant-front. We anticipate this digital gift card program will be fully implemented in 2024. An online store-front may be connected to the penn-station.com website, email, SMS, and other forms of communication. This program also includes a marketing module that will allow Penn Station to offer unique gift card promotions for the digital gift cards. All fees payable by franchisees (and us for our company-owned Restaurant) for the digital gift card program will be paid directly to our vendor, WorldPay Integrated Payments.

Electronic Media Sites; Required Penn Station Electronic Media Programs:

Websites, social media platforms, social media sites, and mobile applications have always been and continue to be advertising under the Franchise Agreement. In connection with any Electronic Media Site, the Franchise Agreement provides, in summary (Franchise Agreement, Section 9.2.2), that (i) we will have the exclusive right, but not the obligation, to establish Electronic Media Sites or other forms of e-commerce for advertising, marketing, and promotion of one or more Restaurants from time to time (referred to in this disclosure document as the “Penn Station Electronic Media Programs”) and (ii) you cannot establish yourself, through any advertising cooperative or any other person, any separate Electronic Media Site. As of the date of this disclosure document, we have implemented the Penn Station Electronic Media Programs described below. We reserve the right to provide any existing or future Penn Station Electronic Media Programs directly by the employees of Penn Station rather than any vendor of Penn Station.

Current Email Program:

We have selected Mobile Exposure, Inc. (referred to in this disclosure document as “Mobile Exposure”) as our vendor to provide one of our Penn Station Electronic Media Programs involving emails to and from customers of Restaurants. Each official advertising cooperative (or individual franchisees if an advertising cooperative has not been formed) will enter into guest-based marketing agreements with Mobile Exposure pursuant to which individual franchisees or individual advertising cooperatives will purchase services under the Penn Station Electronic Media Program from Mobile Exposure. Currently, P.S. National Fund pays 100% of the monthly fees of Mobile Exposure (*see* Item 11 under “Advertising Programs”). If P.S. National Fund elects to

discontinue having the national fund pay the monthly fees of Mobile Exposure, in whole or in part, P.S. National Fund will give you at least 30 days advance notice. You will then begin paying the then current monthly fees of Mobile Exposure (or any replacement service provider) or that portion not paid for by the national fund. The amount of monthly fees paid to Mobile Exposure varies depending on the level of service selected by us. The fees payable to Mobile Exposure are subject to increase depending on changes to the program made by us, the duration of the program, and potential cost increases requested by Mobile Exposure and agreed to by us.

Additional Loyalty, Guest Engagement, and Communication Software Programs:

We have selected two vendors, Sparkfly, Inc. (referred to in this disclosure document as “Sparkfly”), and Iterable, Inc. (referred to in this disclosure document as “Iterable”), to provide integrated marketing programs (referred to in this disclosure document as “Guest Engagement and Communication Software”) that create, process, and track special offers and promotions, and to create in the future a separate loyalty program (referred to in this disclosure document as the “Loyalty Program”). These vendors provide a POS system middleware that connects this Guest Engagement and Communication Software with the POS system and provides a platform that develops and implements this Guest Engagement and Communication Software along with a multi-channel client relations management tool used for direct mail, SMS, and mobile campaigns.

The services from these vendors are a Penn Station Electronic Media Program and are mandated by us, and franchisees must, in connection with obtaining these services, make separate contractual arrangements with the selected service providers. As an owner of a company-owned unit, we participate in these services on the same terms as franchisees.

P.S. National Fund will pay for all out-of-pocket costs to these vendors associated with set-up and implementation of this Guest Engagement and Communication Software for calendar years 2024 and 2025 out of the national fund. In addition, currently, P.S. National Fund intends to pay 100% of the monthly and annual fees of these vendors for the initial three-year term out of the national fund, expected to begin in 2024. If P.S. National Fund elects to discontinue having the national fund pay these fees, in whole or in part, P.S. National Fund will give you at least 30 days advance notice. You will then begin paying the then-current monthly and annual fees of these vendors (or any replacement service providers) or that portion not paid for by the national fund. The amount of monthly fees varies depending on the level of service selected by us. The fees payable to these vendors are subject to increase depending on changes to the programs made by us, the duration of the programs, and potential cost increases requested by the vendors and agreed to by us. We may consider in the future providing any existing or future Guest Engagement and Communication Software programs directly by the employees of Penn Station rather than any third-party vendor of Penn Station.

Accounting Services:

We require that you use a certified public accountant (or another accountant selected by you to which we have acquiesced after receiving your application to do so) to prepare financial reports and statements required to be completed under the terms of your Franchise Agreement. We have an Accounting Manual which describes in detail the way in which your accounting must be set up, your operations accounted for, and how the results are reported to us. You cannot deviate from the requirements set out in the Accounting Manual, as it would jeopardize the consistency of the information reported to us. Without this consistency, the comparative analysis value to us and our franchisees of the applicable information is undermined.

Insurance:

You must purchase before beginning operation of your Penn Station Restaurant (and maintain during each term of your Franchise Agreement), at your expense, insurance coverage which complies with our insurance

coverage requirements. Our coverage requirements are in our Operating Manual. Currently, our insurance requirements are as follows: (i) comprehensive liability insurance (at least \$1,000,000 per occurrence) for bodily injury and property damage with a minimum \$50,000 fire and legal liability coverage endorsement, and a minimum \$5,000 medical payments to others endorsement; (ii) special form property insurance, or the broadest property insurance then commercially available, insuring 100% of the replacement value of your equipment, inventory, furniture, supplies, furnishings, fixtures and other tenant/interior improvements together with business interruption coverage, insuring “actual loss of income” for up to 12 months; (iii) automobile liability coverage for both owned and “hired and non-owned” vehicles in the amount of at least \$1,000,000; (iv) worker’s compensation or similar employer liability insurance as required by law; and (v) any other insurance required by law. The insurance coverage must be issued by insurance carriers rated “A” or better (or any comparable successor rating) by Alfred M. Best & Company, Inc. (or any successor). We must be named as an additional insured with you on each liability insurance policy (except worker’s compensation insurance); however, we will not be liable under any circumstances for any unpaid insurance premiums. Each insurance policy must be endorsed to require the insurer to notify us in writing 30 days in advance of any reduction, termination or expiration of any coverage required by your Franchise Agreement and to name us as additional insured on each liability insurance policy. On 30 days written notice to you, we reserve the right to specify additional coverage and to require you to increase the amounts of insurance.

Penn Station as an Approved Supplier:

We are not currently a supplier. In the future, we may consider supplying certain food items to our franchisees that we consider proprietary to Penn Station.

Revenue for Required Purchases:

During calendar year 2023, we did not derive revenue or other material consideration from your required purchases described in this Item 8 except the supplier rebates described below.

During calendar year 2023, PS Realty’s revenue from the leasing of free-standing Restaurants to our franchisees was \$245,927, which represented 33.49% of its total revenue of \$734,344 for the calendar year ended December 31, 2023. PS Realty does not have audited financial statements. The source of this information comes from the annual income statement prepared by the management of PS Realty.

Rebates from Suppliers:

During calendar year 2023, we received rebates from suppliers with whom we negotiated a purchase arrangement (including pricing terms) on behalf of the System (referred to in this disclosure document as “Supplier Funds”) approximately equal to \$2,495,567. During 2023, we contributed approximately \$2,525,638 of Supplier Funds to the national fund for System advertising although we were (and are) not obligated to do so. This contribution includes interest earned on Supplier Funds, if any, and excludes the deduction of various expenses, if any, including the development of creative advertising, marketing, and promotional assets and materials made available to franchisees and legal expenses incurred to obtain (or explore potential) services from third-party vendors for the benefit of the Penn Station System. *See Items 8 and 11.* It is Penn Station’s current policy to request that the suppliers, with whom we negotiated a purchase arrangement (including pricing terms) on behalf of our franchisees, offset any rebates offered by those suppliers against the cost of the products sold in lieu of paying Supplier Funds to Penn Station in those instances where Penn Station determines it is appropriate for the System. We may retain and use all Supplier Funds paid to us for any corporate or other purpose or expense that we determine is appropriate. You assign to us any rights you may have in the Supplier Funds.