

Item 7: Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	Due Date	To Whom Payment is to be Made
Franchise Fee	\$12,500 - \$25,000	Lump Sum	At signing of Franchise Agreement	Us
Franchise Grand Opening Fee	\$15,000	Lump Sum	On the date the Lease is signed	Paid to us for various media and direct mail
Real Estate	\$2,000 – \$3,989 per month	Note 1	Note 1	Note 1
Security Deposits	\$0 - \$8,607	Lump Sum	Prior to Opening	Note 1
Leasehold Improvements	\$102,000 - \$364,000 Note 2	Lump Sum	Prior to Opening	Contractors
Architectural Drawings & Local Plan Review Fees	\$12,180- \$19,550 Note 3	Lump Sum	Prior to Opening	Designated Supplier - Licensed Architect
Equipment and Fixtures	\$63,188 -- \$181,884 Note 4	Lump Sum	Prior to Opening	Us and Designated Suppliers/Vendors
Technology Systems	\$7,247 – \$9,564 Note 5	Note 5	Prior to Opening	Designated Suppliers/Vendors
Opening Inventory	\$10,000 - \$20,834	Lump Sum	Prior to Opening	Distributing or other Designated Suppliers
Insurance	\$712 - \$2,162 Note 6	Lump Sum	Prior to Opening	Insurance companies
Security Deposits - Utilities	\$0 – \$500 Note 7	Lump Sum	Prior to Opening	Utility companies
Exterior Signage	\$9,450 - \$21,332	Lump Sum	Prior to Opening	Contractors
Travel and Living Expenses During Training	\$2,500 - \$4,900 Note 8	As Incurred	Prior to Opening	Hotels, restaurants, etc.

Type of Expenditure	Amount	Method of Payment	Due Date	To Whom Payment is to be Made
Additional Funds - 3 Months	\$2,205 - \$20,000 Note 9	As Incurred	As Incurred	Employees, vendors, landlord, utilities
TOTAL Notes 10, 11, 12 & 13	\$238,982 - \$697,322			

Note 1. You must secure suitable real estate for your Restaurant. Typical locations for Restaurants are between 1,200 and 1,600 square feet. Ordinarily, the real estate is leased and located in strip centers within metropolitan and suburban areas. Less typically, the real estate is a free-standing building. The amounts indicated assume that the real estate is leased and reflect a typical range of monthly rentals. It is possible that you will choose to buy real estate on which a building suitable for the Restaurant is constructed or could be constructed. Real estate costs vary and depend on location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are purchasing. Because numerous variables affect the value of a particular piece of real estate, this initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Restaurant. The amount of your rent is dependent upon such factors as size, condition, and location. Neither Hungry Howie's nor its affiliates will lease real estate to you. The amount of rent, the time at which the rent is due and to whom the rent must be paid is subject to negotiation by you and the landlord. Ordinarily, you will not pay rent until you open your Restaurant. However, there are instances in which you may have to pay rent for 1-2 months prior to opening your Restaurant, due to your unique lease negotiations and construction schedule. Security deposits are payable to landlords and utility companies. This estimate contemplates a security deposit equal to one month's rent. You may be required to pay a larger security deposit. The space and monthly rent for a Non-Traditional Restaurant will be dependent upon the venue in which the Non-Traditional Restaurant is located and varies significantly. This initial investment table also reflects the costs of developing a drive-thru location. Drive-thru locations are more expensive because of, among other things, the larger restaurant size and the additional required construction/leasehold improvements and fixtures and equipment.

Note 2. The amount of leasehold improvements is before any landlord-provided tenant improvements or allowances. The high figure includes substantial remodeling of the space which was not previously useable by a food business.

Note 3. The amount shown includes the fees assessed by various local municipalities, which vary. The amount shown does not include the \$2,500.00 fee that you must pay to our designated architect if you utilize an Alternate Architect. The use of an Alternate Architect is not typical. The amount shown also does not include additional services such as additional on-site visits, engineering fees and reimbursable expenses. Your cost will

vary depending on the type of build-out of the Restaurant, such as in-line strip centers, conversion of free-standing buildings, or stand-alone shells.

Note 4. The amount shown is for the purchase of equipment and fixtures for a Restaurant. Equipment and fixtures for a Non-Traditional Restaurant will vary depending on space and menu limitations, but are generally less than a Restaurant. If you lease these items, your initial investment will be less than the amount shown but there will be a monthly lease payment.

Prior to opening the Restaurant, you must purchase from us a conveyor oven and hood system. We are the only designated supplier for the sale of the conveyor oven and hood system which you are required to install in the Restaurant. The cost of the conveyor oven and hood system will be between \$23,100 and \$46,300 depending on the number and size of the ovens and hood system required, installation charges and shipping/freight charges. You will be required to pay a deposit of 50% of the total costs at the time you place an order with us. The balance must be paid prior to delivery and installation.

Note 5. The amount shown includes hardware, implementation fees, plus the first month's payment for the POS System's \$136-\$157 recurring monthly fees, which may vary depending on what optional integrations and additional terminals are selected.. The hardware cost and implementation fee are upfront costs you must pay to our Designated Supplier as part of a contract between you and our Designated Supplier. Our Designated Supplier for point of sale systems does offer financing. The amounts shown do not include shipping, travel expenses related to installation and training, or any applicable federal, state, or local taxes. There is an advance replacement warranty on the hardware and peripherals.

The amount shown also includes the per store setup fee and quarterly billing cost you must pay to our Designated Supplier for back of house restaurant management software and accounting.

The amount shown also includes the monthly loyalty program fee and monthly guest experience management fee.

Note 6. The amount shown includes an initial deposit (if applicable) and the first required insurance payment. Your initial payment may vary depending on the period of time your insurance policy covers and the amount of time over which it is paid. You must maintain the following insurance coverage: "all risk" business property for the restaurant build-out and contents for full replacement cost value; business interruption equal to actual loss sustained; general liability (including products liability); owned, non-owned, and hired auto liability; employment practices liability; workers' compensation and occupational disease; umbrella or excess liability.

Note 7. In some instances, the vendor providing a utility does not assess a security deposit.

Note 8. The amount you spend during training will differ depending on a variety of factors, including your choice of accommodations, the rental car you select, the number of people who attend training on behalf of the Restaurant, etc.

Note 9. Estimated funds needed to cover any other pre-opening expenses and your initial expenses during the first 3 months of operation. The amount shown also includes the \$900 per store setup fee and \$435 a month you must pay to our Designated Supplier for accounting services. You may need additional working capital during the first 3 months you operate your Restaurant and for a longer time period afterward.

Note 10. We have relied on our numerous years of experience franchising, and our principals' and affiliates' numerous years of experience developing and operating, Hungry Howie's® Restaurants to complete these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

Note 11. We do not offer direct financing to franchisees for any items

Note 12. The expenditures are non-refundable unless otherwise provided in your agreement with the third party providing the goods and/or services.

Note 14. Your Estimated Initial Investment also includes Non-Traditional Restaurants. Any known variations between Restaurants and Non-Traditional Restaurants are stated in the notes above. We describe the Development Fee in Item 5. No separate initial investment is required when you sign the ADMUA.