

	Provision	Section in Franchise Agreement	Summary
n.	A&W's right of first refusal to acquire your business	Section 14.5	If you receive an acceptable bona fide offer to purchase your Restaurant business, A&W can match any offer for your business.
o.	A&W's option to purchase your business	Section 17.3; also see n. above	A&W has an option to purchase your Restaurant business for fair market value upon early termination of the Franchise Agreement.
p.	Your death or disability	Section 14.4	License must be assigned by legatee to approved buyer within 12 months of A&W's determination that legatee is not capable of performing under the Franchise Agreement.
q.	Non-competition covenants during the term of the license	Section 3.10 Co-Brand Restaurant Addendum to Franchise Agreement	You may not directly or indirectly engage in, aid, assist, serve or participate in (a) any restaurant or other food-service business which derives more than 40% of its revenue from selling hamburgers, hot dogs, chicken or soft serve ice cream or (b) any business granting franchises or licenses to others to operate the type of business specified in the preceding subparagraph (a) (other than an A&W Restaurant operated under a franchise agreement with us) (a "Competitive Business"). You are prohibited from directly or indirectly engaging in any Competitive Business as a proprietor, partner, investor, shareholder, member, director, manager, officer, employee, principal, agent, advisor, consultant, lessor, sub-lessor or any similar capacity. In addition, you agree not to divert any business that should be handled by the Restaurant to any other person or entity. If you are a business entity, you agree to cause your (as applicable) owners, members, shareholders, directors, officers, partners, general partner, proprietor and or any other beneficial owner to refrain from any of the competitive activities described above in any manner which A&W reasonably requests. <u>(Subject to state law).</u>
r.	Non-competition covenants after the license is terminated or expires	Section 3.10	You may not directly or indirectly engage in any Competitive Business for 2 years within your trading area, within 10 miles of the perimeter of your trading area, or within 10 miles of the perimeter of (or within) the trading area of any other A&W Restaurant. If you are a business entity, you agree to cause your (as applicable) owners, members, shareholders, directors, officers, partners, general partner, proprietor and or any other beneficial owner to refrain from any of the competitive activities described

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			above in any manner which A&W reasonably requests. <u>(Subject to state law)</u> .
s.	Modification of Franchise Agreement	Sections 3.2, 3.3 and 19.4	You may not modify the Franchise Agreement without mutual written consent. A&W may modify the Operations Manual in its discretion (except where modifications concern operating and menu standards, in which case NAWFA Board approval is required).
t.	Integration/merger clause	Section 19.3	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v.	Choice of forum	Section 18.1	Litigation must be in Kentucky (subject to state law).
w.	Choice of law	Section 18.1	Kentucky law applies (subject to state law).

ITEM 18 - PUBLIC FIGURES

A&W does not presently use any public figures to promote the franchise.

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 if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

As of December 31, 2025, there were 407 franchised Restaurants in the A&W System.

Table I below provides “Net Sales” (as defined in Section 7.1 of the Franchise Agreement) data for the 59 franchised Freestanding Restaurants that were open and operating for the entire 12 months of 2025 and provided us with their Net Sales (“Reporting Freestanding Restaurants”).

Table II below provides Net Sales data for the 52 franchised Restaurants located at Convenience and Gas Stations that were open and operating for the entire 12 months of 2025 and provided us with their Net Sales (“Reporting C&G Restaurants”).

7. "Non-Manageable Operating Expenses" means expenses incurred in operating the Restaurant that neither you nor we control. Examples include employee benefits, bonuses, charitable contributions.
8. "Royalty & Advertising Fees" means a total of 10% of Net Sales (which is the sum of the 5% of Net Sales Royalty Fee and the 5% of Net Sales Advertising Fee).
9. "Total Controllable G&A" means the combined costs of Supplies & Uniforms, Equipment & Repairs, and Other Operating Expenses. "Supplies & Uniforms" means the costs of supplies such as small wares and non-food related paper products and employee uniforms for your Restaurant. "Equipment & Repairs" means the cost to maintain and repair existing equipment and to purchase new equipment. "Other Operating Expenses" means other miscellaneous expenses required to run a Restaurant.
10. "Total Non-Controllable G&A" means the combined costs of Royalty & Advertising Fees, Bank & Credit Card Fees, Rents & Insurance, Professional Services, and Utilities & Telecom. "Bank & Credit Card Fees" means costs you may incur from bank activity (including overdraft fees, late fees, wire fees, and costs to issue certified and cashier's checks) and credit card providers (including the per transaction fee for the cost of providing the service and equipment necessary to conduct transactions by credit card). "Rents & Insurance" means the costs of rent (including security deposits) and insurance (in the types and amounts required in the Franchise Agreement) for a Restaurant. "Professional Services" means expenses incurred for services of professionals including accountants and attorneys. "Utilities & Telecom" means the cost of electricity, gas, water, sewer, garbage, and phone and internet for a Restaurant.

General Notes

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 financial performance representation will be made available to the prospective franchisee upon reasonable request.

We calculated the Net Sales data based on reports submitted to us by the Reporting Freestanding Restaurants and the Reporting C&G Restaurants.

We have not audited the information presented above, nor have we independently verified this information. Written substantiation of the data used in preparing these sales figures will be made available to you upon written request.

These results are based on the performance of specific Restaurants. Actual results vary from Restaurant to Restaurant and location to location, and your own financial results are likely to differ from these results. A number of factors will affect the Net Sales of a particular Restaurant, including, traffic count; accessibility and visibility of a site; the local marketplace and competition; general economic conditions; the prevailing wage rate; prices charged to customers; the personality and attitude of the manager(s) and the employees in dealing with customers; the quality of food and beverages prepared by employees; the sales level reached during the initial period and length of time in operation; the franchisee's management skill, experience, business acumen, and ability to promote and market the Restaurant in the local market; customer loyalty; customer referrals; and the degree of adherence to our methods and procedures in operating the Restaurant.