

	Provision	Section in Franchise Agreement	Summary
r.	Non-competition covenants after the license is terminated or expires	Section 3.10	No directly or indirectly engaging 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 above in any manner which A&W reasonably requests.
s.	Modification of Franchise Agreement	Sections 3.2, 3.3 and 19.4	No modifications 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, 2024, there were 427 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 2024 and provided us with their Net Sales (“Reporting Freestanding Restaurants”).

Table II below provides Net Sales data for the 53 franchised Restaurants located at Convenience and Gas Stations that were open and operating for the entire 12 months of 2024 and provided us with their Net Sales (“Reporting C&G Restaurants”).

Table III provides profit and loss information from 2024 for the 17 of 59 Reporting Freestanding Restaurants that provided us with their profit and loss information.

This Item 19 does not provide data for any of the following franchised Restaurants in operation as of December 31, 2024: (a) the 21 seasonal Restaurants (i.e. open less than 12 months based on seasonality); (b) the 37 freestanding restaurants without drive-thrus (which are no longer being offered); (c) the 24 C&G restaurants without drive-thrus (which are no longer being offered); (d) the 214 Co-Brand Restaurants; or (e) the 19 Captive Restaurants. It also does not provide data for our 2 company-owned Restaurants in operation as of December 31, 2024.

Table I: Reporting Freestanding Restaurants

As of December 31, 2024, there were 59 Reporting Freestanding Restaurants. Table I below provides average Net Sales and the high, low and median Net Sales for the 59 Reporting Freestanding Restaurants. Table I then divides the Reporting Freestanding Restaurants into four quartiles based on reported average Net Sales (i.e., first quartile, second quartile, third quartile and fourth quartile) and provides average Net Sales and the high, low and median Net Sales for each quartile of the Reporting Freestanding Restaurants.

	Average Net Sales	Number and percentage that attained or surpassed Average Net Sales	High Net Sales	Low Net Sales	Median Net Sales
All Reporting Freestanding Restaurants (59 Restaurants)	\$1,326,392	24 or 41%	\$3,130,744	\$511,217	\$1,251,457
First Quartile (14 Restaurants)	\$2,002,171	4 or 29%	\$3,130,744	\$1,606,704	\$1,870,670
Second Quartile (15 Restaurants)	\$1,377,351	5 or 33%	\$1,531,206	\$1,260,552	\$1,369,212
Third Quartile (15 Restaurants)	\$1,140,431	9 or 60%	\$1,251,457	\$1,024,362	\$1,154,756
Fourth Quartile (15 Restaurants)	\$830,666	8 or 53%	\$1,008,050	\$511,217	\$898,853

Table II: Reporting C&G Restaurants

As of December 31, 2024, there were 53 Reporting C&G Restaurants. Table II below provides average Net Sales and the high, low and median Net Sales for the 53 Reporting C&G Restaurants. Table II then divides Reporting C&G Restaurants into four quartiles based on reported average Net Sales (i.e., first quartile, second quartile, third quartile and fourth quartile) and provides average Net Sales and the high, low and median Net Sales for each quartile of Reporting C&G Restaurants.

	Average Net Sales	Number and percentage that attained or surpassed Average Net Sales	High Net Sales	Low Net Sales	Median Net Sales
All Reporting C&G Restaurants (53 Restaurants)	\$815,962	23 or 43%	\$1,563,498	\$211,926	\$798,328
First Quartile (13 Restaurants)	\$1,230,042	6 or 46%	\$1,563,498	\$1,064,082	\$1,178,930
Second Quartile (13 Restaurants)	\$890,671	6 or 46%	\$1,014,754	\$802,067	\$847,899
Third Quartile (13 Restaurants)	\$699,228	6 or 46%	\$798,328	\$602,597	\$685,836
Fourth Quartile (14 Restaurants)	\$470,483	8 or 57%	\$598,167	\$211,926	\$484,515

Table III: P&L For Reporting Freestanding Restaurants

As of December 31, 2024, there were 59 Reporting Freestanding Restaurants, 17 of which provided us with profit and loss information. Table III below provides the following categories of profit and loss information for these Reporting Freestanding Restaurants: (i) Net Sales, (ii) Cost of Labor, (iii) Food and Paper Cost, (iv) Gross Profit; (v) Controllable G&A, (vi) Non-controllable G&A (including Royalty and Advertising Fees); (vii) Manageable Operating Expenses; (viii) Non-manageable Operating Expenses, and (ix) EBITDAR. The profit and loss information for these Reporting Freestanding Restaurants does not include rent, convention travel, officer salaries and benefits, automobile expenses or other uncommon expenses.

	Average/As % of Net Sales	Median
Net Sales	\$1,564,638	\$1,439,127

Cost of Labor	\$469,681 / 30%	\$438,435 / 30%
Food and Paper	\$472,125 / 30%	\$449,862 / 31%
Gross Profit	\$622,832 / 40%	\$528,721 / 37%
Controllable G&A	\$97,545 / 6%	\$84,788 / 6%
Non-Controllable G&A (including Royalty and Advertising Fees)	\$270,588 / 17%	\$214,988 / 15%
Manageable Operating Expenses	\$368,133 / 24%	\$276,327 / 19%
Non-Manageable Operating Expenses	\$10,413 / 1%	\$9,584 / 1%
EBITDAR	\$244,286 / 16%	\$230,630 / 16%

Notes to Table III

1. 6 or 35% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the stated average Net Sales stated in Table III.
2. 6 or 35% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average Cost of Labor as a percentage of Net Sales, meaning the Cost of Labor as a percentage of Net Sales was less than the average stated in Table III.
3. 4 or 24% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average Food and Paper Cost as a percentage of Net Sales, meaning the Food and Paper Costs as a percentage of Net Sales was less than the average stated in Table III.
4. 6 or 35% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average Gross Profit as a percentage of Net Sales, meaning that the Gross Profit as a percentage of Net Sales was greater than the average stated in Table III.
5. 6 or 35% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average Controllable G&A, meaning the Controllable G&A as a percentage of Net Sales as a percentage of Net Sales was less than the average stated in Table III.

6. 6 or 35% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average Non-Controllable G&A as a percentage of Net Sales, meaning the Non-Controllable G&A as a percentage of Net Sales was less than the average stated in Table III. Royalty and Advertising Fees for these Reporting Freestanding Restaurants with Drive-Thrus were adjusted to 5%/5% contributions for each for a total of 10% in Royalty and Advertising Fees.
7. 7 or 41% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average Manageable Operating Expenses as a percentage of Net Sales, meaning the Manageable Operating Expenses as a percentage of Net Sales was less than the average stated in Table III.
8. 7 or 41% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average Non-manageable Operating Expenses as a percentage of Net Sales, meaning the Non-manageable Operating Expenses as a percentage of Net Sales was less than the average in Table III.
9. 5 or 29% of the 17 Reporting Freestanding Restaurants that provided profit and loss information attained or exceeded the average EBITDAR as a percentage of Net Sales, meaning that the EBITDAR as a percentage of Net Sales was greater than the average stated in Table III.

Definitions

The terms used in this Item 19 have the definitions below.

1. "Cost of Labor" - unit hourly labor, which is comprised of the average hourly rate and the number of hours worked. The cost of labor will vary from location to location and will be dependent upon factors beyond our and your control, including local minimum wage laws and local labor market conditions. Labor expenses also include the salaries of general and assistant managers where applicable. Labor expenses do not include any draw or salary for you. The other components of labor expenses are: payroll taxes, health insurance, vacation, wages, sick pay, bonuses and workers' compensation insurance.
2. "EBITDAR" means earnings before interest, taxes, depreciation, amortization, & rent. The "EBITDAR" should not be construed as the financial results or "profit" which might be experienced by a Restaurant with similar Net Sales due to operating expense variations. Market conditions, operational and management methods, different geographic areas, and pricing variations may significantly affect operating results. Depreciation, amortization and interest will vary based upon the investment terms for the specific Restaurant. Organization overhead costs such as salaries and benefits of non-Restaurant personnel (if any), and other expenditures may significantly affect profits.
3. "Food and Paper" means the delivered cost of food, beverages, paper, to the restaurants as well as distribution and freight costs. Food and paper expenses are dependent upon seasonal, local and other factors, such as the franchisee's efficiency in the utilization of products, the costs of transportation and the fluctuation in market prices for food and other products.
4. "Gross Profit" means Net Sales less Direct Labor and Food & Paper. Gross Profit varies for each Restaurant, depending on operating costs (labor, food, paper goods) and other factors.

5. "Manageable Operating Expenses" is the combination of Controllable G&A and Non-Controllable G&A (including Royalty and Advertising Fees).
6. "Net Sales" means all revenue from the Restaurant, excluding local and state sales taxes. Sales for Restaurants will vary from franchisee to franchisee and from location to location, and are dependent upon the management, business and marketing experience of the manager(s), the quality of customer service, the quality of the food and beverages prepared by the employees, prices charged to customers, traffic count, the location, visibility and accessibility to the Restaurant, demographic factors, including population density, the local competition, economic trends, food trends, marketing and promotional efforts, and the length of time in operation.
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.

Except as set forth above, for one subset (P&L Freestanding Restaurants), this Item 19 does not reflect the operating costs and expenses you will incur in operating a Restaurant, which operating costs and expenses will be deducted from Net Sales and affect the net income and cash flow of a Restaurant. Net income will vary from Restaurant to Restaurant depending upon factors such as rental or real estate costs, costs of goods sold, labor costs, how the Restaurant is operated and managed and other costs relating to the operation of the Restaurant. Some of the expenses that a franchisee will incur and should take into consideration are the following: (i) Royalties and Advertising Fees; (ii) payroll, payroll taxes and other employee benefits; (iii) licenses; (iv) rent and utilities; (v) Insurance; (vi) depreciation on fixed assets; (vii) cost of goods sold and equipment; (viii) food and other product costs; (ix) financing costs (in addition to occupancy expenses); (x) accounting and legal expenses; (xi) debt repayment.

You should conduct an independent investigation of the costs and expenses you will incur in operating your Restaurant. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information. We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to acquire a franchise to open and operate a Restaurant.

Other than the preceding financial performance representation, 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 the Legal Affairs Department, 1648 McGrathiana Parkway, Suite 380, Lexington, KY 40511 and (859) 219-0019, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Single Brand Outlets

Table No. 1

A&W Systemwide Outlet Summary
For Years 2022 to 2024

Column 1 Outlet Type	Column 2 Year	Column 3 Single Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	219	210	-9
	2023	210	212	+2
	2024	212	213	+1
Company-Owned	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Total Outlets	2022	221	212	-9
	2023	212	214	+2
	2024	214	215	+1

Table No. 2

Transfers of A&W Franchised Outlets to New Owners (Other than the Franchisor)
For Years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2022	0
	2023	1
	2024	0
Colorado	2022	0
	2023	1
	2024	0
Idaho	2022	1
	2023	1
	2024	0
Iowa	2022	0
	2023	0
	2024	2
Kansas	2022	0
	2023	1
	2024	0
Michigan	2022	2
	2023	2
	2024	1
Minnesota	2022	1
	2023	1
	2024	1
Montana	2022	0
	2023	1