

	<b>Provision</b>	<b>Section in development agreement</b>	<b>Summary</b>
w.	Choice of law	16(B)	Applicable law is that of the state of Delaware (see also state-specific addenda attached as <u>Exhibit G</u> to this FDD) (subject to state law).

## **ITEM 18: PUBLIC FIGURES**

We do not use any public figure to promote the franchise. No public figure is involved in the management or control of Lee’s. No public figure has any investment in Lee’s.

## **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.

We have a reasonable basis and written substantiation for the financial performance information disclosed in Item 19.

The explanatory notes following the charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following charts.

### **Part I: 2025 Sales to Cost Analysis**

Part I of this financial performance representation reflects the historical average and historical median of the Gross Sales, certain expenses, and 4-Wall EBITDAR of certain affiliate-owned Lee’s Famous Recipe locations for the period of January 1, 2025 through December 31, 2025, representing a normal fiscal year for us (the “2025 Fiscal Year”). As of the end of the 2025 Fiscal Year, there were 127 Lee’s Famous Recipe locations located in the United States. Of those 127 locations, 35 were affiliate-owned, 25 were franchised locations, and 67 were licensed units. The Part I data does not include 3 franchised locations that operate in Canada.

The Part I data provided below includes certain financial information for 30 Lee’s Famous Recipe Locations open and operated by our affiliate in 2025. We excluded 5 locations that were open and operated by our affiliate in 2025 for the following reasons: 2 were excluded as they are non-traditional locations and do not represent the typical format for a Lee’s Famous Recipe location, and 3 locations were fully remodeled during the 2025 calendar year and experienced periods of operational disruption and or temporary closure during the remodel process.

The 30 affiliate-owned Lee's Famous Recipe locations are representative of a Lee's Famous Recipe location. Of the 30 affiliate-owned locations, there are 12 in MO, 8 in Ohio, 4 in Kentucky, 3 in Indiana, 2 in Illinois, and 1 in Florida.; 12 of those affiliate-owned locations included in this Part I attained or surpassed the Average 4-Wall EBITDAR disclosed below.

We have also organized the 30 affiliate-owned Lee's Famous Recipe locations included in the Part I data into three groups based on Gross Sales performance during the 2025 calendar year. The top third represents the 10 highest-grossing Lee's Famous Recipe locations, the middle third represents the next 10 Lee's Famous Recipe locations, and the bottom third represents the remaining 10 Lee's Famous Recipe locations.

The 4-Wall EBITDAR numbers in the below Franchise Adjusted Income Statement have been adjusted to reflect the incremental operating costs to a franchisee, including Royalty fees, Brand Cooperative Advertising Fund Fees, Local Advertising Expenditures, payroll processing fees, and adjustments made for insurance.

*[Charts begin on next page]*

**2025 Adjusted Income Statement for Affiliate-Owned Locations**

<b>Franchise Adjusted Income Statement</b>				
	<b>Average</b>	<i>% of Gross Sales</i>	<b>Median</b>	<i>% of Gross Sales</i>
<b>Gross Sales</b>	<b>2,134,231</b>	<i>100.0%</i>	<b>2,000,774</b>	<i>100.0%</i>
COGS	766,419	<i>35.9%</i>	698,109	<i>34.9%</i>
<b>Gross Profit</b>	<b>1,367,812</b>	<i>64.1%</i>	<b>1,302,665</b>	<i>65.1%</i>
Variable Expenses				
Labor	606,960	<i>28.4%</i>	578,322	<i>28.9%</i>
Services	31,045	<i>1.5%</i>	27,816	<i>1.4%</i>
Utilities	56,116	<i>2.6%</i>	54,828	<i>2.7%</i>
Operating & Administrative	25,419	<i>1.2%</i>	18,119	<i>0.9%</i>
Bank & Transaction Fees	64,746	<i>3.0%</i>	64,745	<i>3.2%</i>
<b>Total Variable Expenses</b>	<b>784,286</b>	<i>36.7%</i>	<b>743,829</b>	<i>37.2%</i>
Fixed Expenses				
Occupancy	11,816	<i>0.6%</i>	11,619	<i>0.6%</i>
Repair & Maintenance	25,656	<i>1.2%</i>	27,867	<i>1.4%</i>
Insurance	10,000	<i>0.5%</i>	10,000	<i>0.5%</i>
<b>Total Fixed Expenses</b>	<b>47,472</b>	<i>2.2%</i>	<b>49,486</b>	<i>2.5%</i>
Marketing	64,027	<i>3.0%</i>	60,023	<i>3.0%</i>
Royalty	106,712	<i>5.0%</i>	100,039	<i>5.0%</i>
<b>4-Wall EBITDAR</b>	<b>365,316</b>	<i>17.1%</i>	<b>349,288</b>	<i>17.5%</i>

Average Gross Sales	2,134,231
Highest Gross Sales	4,042,884
Lowest Gross Sales	1,179,680
Median Gross Sales	2,000,774
# Met/Exceeded Average	12
% Met/Exceeded Average	40.0%

**2025 Adjusted Income Statement for Top-Third of Affiliate-Owned Locations**

	Top Third			
	Average	% of Gross Sales	Median	% of Gross Sales
<b>Gross Sales</b>	<b>2,806,195</b>	100.0%	<b>2,568,256</b>	100.0%
COGS	1,000,059	35.6%	918,922	35.8%
<b>Gross Profit</b>	<b>1,806,137</b>	64.4%	<b>1,649,334</b>	64.2%
Variable Expenses				
Labor	738,199	26.3%	683,773	26.6%
Services	33,274	1.2%	30,042	1.2%
Utilities	63,711	2.3%	64,871	2.5%
Operating & Administrative	29,370	1.0%	17,936	0.7%
Bank & Transaction Fees	81,051	2.9%	80,320	3.1%
<b>Total Variable Expenses</b>	<b>945,605</b>	33.7%	<b>903,131</b>	35.2%
Fixed Expenses				
Occupancy	13,968	0.5%	15,093	0.6%
Repair & Maintenance	27,990	1.0%	29,716	1.2%
Insurance	10,000	0.4%	10,000	0.4%
<b>Total Fixed Expenses</b>	<b>51,958</b>	1.9%	<b>54,810</b>	2.1%
Marketing	84,186	3.0%	77,048	3.0%
Royalty	140,310	5.0%	128,413	5.0%
<b>4-Wall EBITDAR</b>	<b>584,078</b>	20.8%	<b>485,933</b>	18.9%
Average Gross Sales	2,806,195			
Highest Gross Sales	4,042,884			
Lowest Gross Sales	2,269,430			
Median Gross Sales	2,568,256			
# Met/Exceeded Average	3			
% Met/Exceeded Average	30.0%			

**2025 Adjusted Income Statement for Middle-Third of Affiliate-Owned Locations**

	<b>Middle Third</b>			
	<b>Average</b>	<i>% of Gross Sales</i>	<b>Median</b>	<i>% of Gross Sales</i>
<b>Gross Sales</b>	<b>1,968,641</b>	<i>100.0%</i>	<b>1,988,297</b>	<i>100.0%</i>
COGS	699,706	<i>35.5%</i>	688,586	<i>34.6%</i>
<b>Gross Profit</b>	<b>1,268,935</b>	<i>64.5%</i>	<b>1,299,710</b>	<i>65.4%</i>
Variable Expenses				
Labor	573,805	<i>29.1%</i>	576,070	<i>29.0%</i>
Services	30,461	<i>1.5%</i>	27,693	<i>1.4%</i>
Utilities	51,932	<i>2.6%</i>	54,309	<i>2.7%</i>
Operating & Administrative	22,809	<i>1.2%</i>	18,301	<i>0.9%</i>
Bank & Transaction Fees	64,373	<i>3.3%</i>	66,447	<i>3.3%</i>
<b>Total Variable Expenses</b>	<b>743,379</b>	<i>37.8%</i>	<b>739,210</b>	<i>37.2%</i>
Fixed Expenses				
Occupancy	11,039	<i>0.6%</i>	10,636	<i>0.5%</i>
Repair & Maintenance	22,243	<i>1.1%</i>	26,517	<i>1.3%</i>
Insurance	10,000	<i>0.5%</i>	10,000	<i>0.5%</i>
<b>Total Fixed Expenses</b>	<b>43,282</b>	<i>2.2%</i>	<b>47,153</b>	<i>2.4%</i>
Marketing	59,059	<i>3.0%</i>	59,649	<i>3.0%</i>
Royalty	98,432	<i>5.0%</i>	99,415	<i>5.0%</i>
<b>4-Wall EBITDAR</b>	<b>324,783</b>	<i>16.5%</i>	<b>354,284</b>	<i>17.8%</i>
Average Gross Sales	1,968,641			
Highest Gross Sales	2,162,638			
Lowest Gross Sales	1,795,401			
Median Gross Sales	1,988,297			
# Met/Exceeded Average	5			
% Met/Exceeded Average	50.0%			

**2025 Adjusted Income Statement for Bottom-Third of Affiliate-Owned Locations**

	<b>Bottom Third</b>			
	<b>Average</b>	<i>% of Gross Sales</i>	<b>Median</b>	<i>% of Gross Sales</i>
<b>Gross Sales</b>	<b>1,544,102</b>	100.0%	<b>1,571,544</b>	100.0%
COGS	569,458	36.9%	570,213	36.3%
<b>Gross Profit</b>	<b>974,644</b>	63.1%	<b>1,001,331</b>	63.7%
Variable Expenses				
Labor	492,437	31.9%	466,259	29.7%
Services	29,119	1.9%	26,404	1.7%
Utilities	51,526	3.3%	51,331	3.3%
Operating & Administrative	21,965	1.4%	20,421	1.3%
Bank & Transaction Fees	47,146	3.1%	47,743	3.0%
<b>Total Variable Expenses</b>	<b>642,194</b>	41.6%	<b>629,675</b>	40.1%
Fixed Expenses				
Occupancy	10,148	0.7%	11,619	0.7%
Repair & Maintenance	26,161	1.7%	23,390	1.5%
Insurance	10,000	0.6%	10,000	0.6%
<b>Total Fixed Expenses</b>	<b>46,309</b>	3.0%	<b>45,010</b>	2.9%
Marketing	46,323	3.0%	47,146	3.0%
Royalty	77,205	5.0%	78,577	5.0%
<b>4-Wall EBITDAR</b>	<b>162,614</b>	10.5%	<b>200,923</b>	12.8%
Average Gross Sales	1,544,102			
Highest Gross Sales	1,724,488			
Lowest Gross Sales	1,179,680			
Median Gross Sales	1,571,544			
# Met/Exceeded Average	6			
% Met/Exceeded Average	60.0%			

Footnotes:

- 1) “Gross Sales” means the total amount of all revenues from whatever source derived (whether in the form of cash, credit, insurance proceeds for lost sales covered by business interruption insurance, agreements to pay or other consideration, and whether or not payment is received at the time of sale or any such amounts prove uncollectible) which arise from or are derived by you or by any other person from business conducted or which originated in, on, from or through your Lee’s Famous Recipe Restaurant location, or from the sale of any products or services associated with the use of the Marks, including sales

from vending machines, deliveries, and catering sales, but excluding sales tax or any similar taxes which are required by law to be computed separately and paid by a customer.

- 2) “COGS” or “Cost of Goods” is the franchise-adjusted purchase cost for poultry, spices, paper & packaging supplies, and other food ingredients and products. We have made adjustments to account for the franchisor mark-up charged on products sold to franchised Lee’s Famous Recipe locations.
- 3) “Labor” includes all store-level labor costs but does not account for any draw or salary for the franchisee. This item includes contract services, health insurance, manager bonuses, state and federal taxes, Social Security, and other labor-related costs. This item does not include any salary draw or distribution to the franchise owner. This does not include an allowance for salary of roles above the general manager (i.e., a Managing Director, District Manager, or Area Supervisor), or other payroll related expense from above store employees who may be hired to help run the Lee’s Famous Recipe location.
- 4) “Services” includes expenses relating to services and supplies including alarm systems, pest control, linen services, IT support, bulk CO2, heating & air services, landscaping, grease removal, and cleaning services.
- 5) “Utilities” includes all expenses related to electric, gas, water and sewer, internet, telephone, and garbage.
- 6) “Operating & Administrative” includes purchased materials that are not sellable inventory, software, IT hardware, IT subscription expenses, employee uniforms, smallwares, tools and equipment, postage, and cleaning supplies.
- 7) “Bank & Transaction Fees” includes all bank and credit card fees, including processing fees, merchant account fees, and any other bank service-related charges. We have made adjustments to reflect franchisee enrollment and participation in Shift4 Advantage program, and standard 3<sup>rd</sup> party credit card processing program available to all franchisees.
- 8) “Marketing” represents the total Brand Cooperative Advertising Fund Fees paid by franchisees under the Franchise Agreement.
- 9) “Occupancy” are costs the include property taxes, licenses and permits, building repairs and maintenance, and equipment repairs and maintenance. We have adjusted occupancy to remove rent expense, as some franchises may lease in a variety of methods or own property to operate Lee’s Famous Recipe locations.
- 10) “Insurance” is the estimated cost of a franchisees insurance policies, including general liability and property insurance.
- 11) “Royalty” is the total Royalty fee contributions paid by franchisees under the Franchise Agreement, and were in fact paid by the affiliate-owned stores reflected in the above chart last year.
- 12) “4-Wall EBITDAR” is the amount that remains when all expenses listed in the Franchise Adjusted Income Statement are subtracted from Gross Sales. “EBITDAR” means Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent.

We have not included depreciation, amortization, income tax, and debt service related to the remodel or build-out or operation of the location. We have not included rent as some

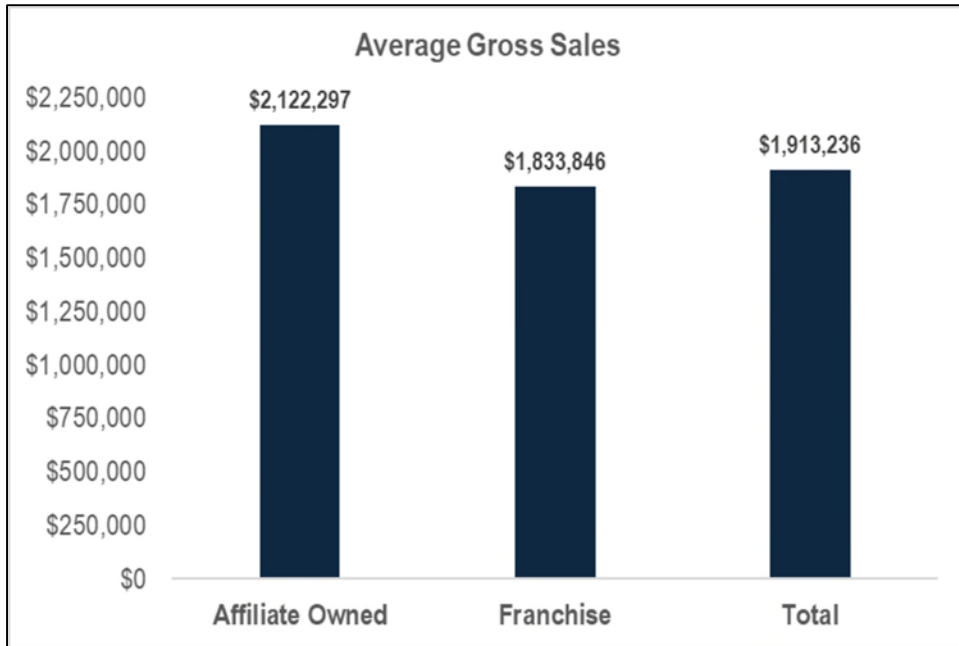
franchisees may lease or choose to own the location and rent expense may vary by market and type of location. Franchisees may have depreciation or amortization deductions from certain equipment or costs to acquire a location. We have not made any provisions for debt service related to these or other items. We do not include an allowance for above store general and administrative costs such as accounting, bookkeeping, and general administration as franchisees may personally perform some or all of these services.

## **Part II: 2025 Average Gross Sales**

Part II of this financial performance representation reflects the historical average and historical median of the Gross Sales of certain affiliate-owned Lee's Famous Recipe locations and franchisee- or licensee-owned Lee's Famous Recipe locations for the period December 30, 2024 through December 28, 2025, representing a normal sales reporting year for us (the "2025 Sales Year"). We obtained these historical financial results from the information submitted to us by franchisees and licensees. Franchisee and licensees report weekly, not daily sales. Accordingly, the last full week of data received for the 2025 calendar year ended on December 28, 2025. For purposes of this Part II, we adjusted sales from affiliated-owned locations to reflect sales made in the 2025 Sales Year.

For Part II, we included 109 Lee's Famous Recipe Locations located in the United States operated by our affiliate, franchisees, or licensees that had been open and operating for at least one full year as of December 28, 2025. We included 30 affiliated-owned locations in Part II because we possess Gross Sales for those locations, whether they were affiliate-owned for the entirety of the 2025 Sales Year or not. We excluded 5 affiliate-owned locations from Part II; 2 were excluded as they are non-traditional locations and do not represent the typical format for a Lee's Famous Recipe location, and 3 locations were fully remodeled during the 2025 calendar year and experienced periods of operational disruption and or temporary closure during the remodel process. We have also excluded 13 franchise locations from the analysis because 3 opened in 2025 and 10 are non-traditional locations lacking a drive thru or are not freestanding.

The 109 Lee's Famous Recipe locations that are included are characteristic of a Lee's Famous Recipe location operating for more than one full year. Of the 109 locations, 30 of the locations are affiliate-owned locations and 79 are either franchised or licensed (we refer to these locations collectively as "Franchise" locations in the chart below). There are 36 locations in Ohio, 30 in Kentucky, 15 in Missouri, 11 in Indiana, 8 in Michigan, 1 in Florida, 2 in Illinois, 2 in Tennessee, 1 in Alabama, 1 in South Carolina, 1 in Virginia, and 1 in Wisconsin.



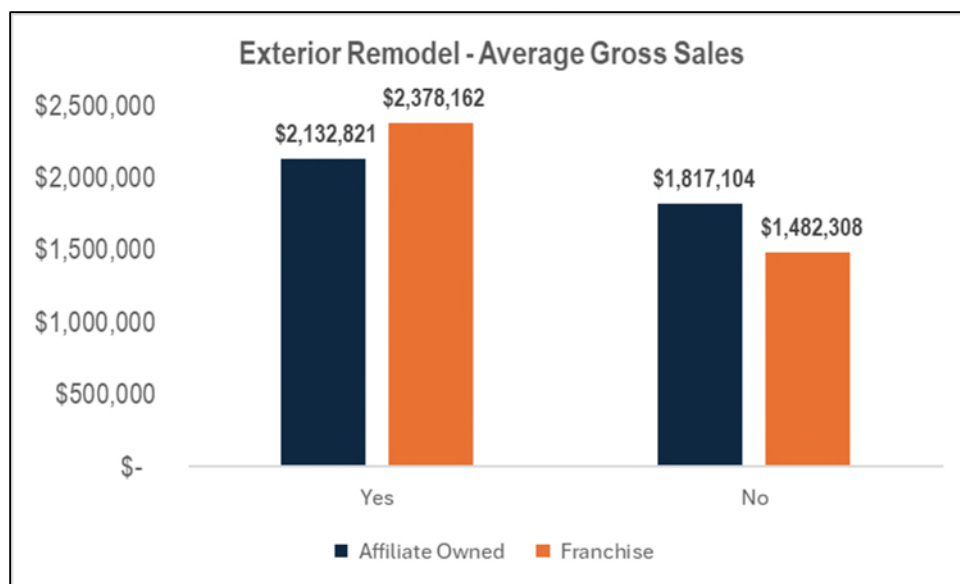
	Average Gross Sales	Median Gross Sales	Lowest Gross Sales	Highest Gross Sales	Count
Affiliate Owned	2,122,297	1,991,647	1,174,628	4,025,520	30
Franchise	1,833,846	1,650,636	793,136	6,417,200	79
Total	1,913,236	1,716,562	793,136	6,417,200	109

	# Met/Exceeded Average Gross Sales	% Met/Exceeded Gross Sales
Affiliate Owned	12	40%
Franchise	28	35%
Total	41	38%

We also separated the 109 corporate and franchised locations included in the Average Gross Sales chart by whether or not an exterior remodel or refurbishment has taken place within the last 10 years. We have also provided the associated highest, lowest, and median gross sales of the included locations. Of the 109 locations included in the analysis, 59 had completed an exterior remodel in the last 10 years (29 affiliate-owned and 30 franchise locations), and 50 had not completed an exterior remodel in the last 10 years (1 affiliate-owned and 49 franchise locations).

An exterior remodel or refurbishment may in some cases include new or refreshed signage, exterior paint, new windows, new or refurbished exterior façade, resurfaced parking lot, new drive thru menu boards, and new landscaping.



Exterior Remodel in Last 10 Years	Affiliate-Owned				Count
	Average Gross Sales	Average	Franchise Average	Average	
Yes	\$ 2,259,580	\$ 2,132,821	\$ 2,378,162		60
No	\$ 1,489,141	\$ 1,817,104	\$ 1,482,308		49

Exterior Remodel in Last 10 Years	Average Gross Sales	Highest Gross Sales	Lowest Gross Sales	Median Gross Sales	Count	# Met/Exceeded		% Met/Exceeded	
						Average	Average	Average	Average
Yes	\$ 2,132,821	\$ 4,025,520	\$ 1,174,628	\$ 2,004,752	29	12	41%		
No	\$ 1,817,104	\$ 1,817,104	\$ 1,817,104	\$ 1,817,104	1	1	100%		

Exterior Remodel in Last 10 Years	Average Gross Sales	Highest Gross Sales	Lowest Gross Sales	Median Gross Sales	Count	# Met/Exceeded		% Met/Exceeded	
						Average	Average	Average	Average
Yes	\$ 2,378,162	\$ 6,417,200	\$ 1,066,279	\$ 2,283,601	31	14	45%		
No	\$ 1,482,308	\$ 3,013,078	\$ 793,136	\$ 1,408,870	48	21	44%		

We believe that real estate characteristics, including visibility, can be an important driver of Restaurant performance. To provide additional context for the financial data presented, we systematically graded the visibility of all 109 restaurants included in this analysis on a scale of 1 to 3, with 1 representing “poor” (the lowest) visibility and 3 representing “good” (the highest) visibility. A restaurant receiving a visibility grade of 3 typically benefits from premium visibility characteristics, including a clear line of sight from the street, proximity to a stoplight or major intersection, and prominent signage placement. A restaurant receiving a grade of 2 (Average) typically has average sight lines from the street, has a relatively unobstructed view, and is not set back from the road. A location receiving a grade of 1 (poor) has lower visibility, and is typically obstructed by trees, adjacent buildings, or is set back far from the main road. The visibility grade assigned to each restaurant is included alongside its financial performance data so that you can evaluate the potential relationship between site visibility and restaurant-level results.