

We do not use any public figures to promote our 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 particular location or under particular circumstances..

There are three affiliate-owned HAPPY JOE’S Restaurants owned and operated by our affiliate Dynamic Restaurant Acquisition, Inc. Each of these three Restaurants operated for the full 12-month period ending on September 30, 2025, and are located in Iowa.

The following chart reflects Gross Sales, Cost of Sales, and certain operating expenses for the period of October 1, 2024 to September 30, 2025 for each of the three affiliate-owned HAPPY JOE’S Restaurants.

AFFILIATE-OWNED FULL SIZE HAPPY JOE’S RESTAURANTS

	Bettendorf		Locust		West 50th	
	Yearly Totals		Yearly Totals		Yearly Totals	
	\$	%	\$	%	\$	%
Total Revenue	1,680,777	100	1,203,950	100	1,477,418	100
Total Discounts	187,323	11.15	150,264	12.48	168,063.07	11.3
Net Revenue	1,493,453	88.85	1,053,686	87.52	1,309,354.93	88.62
Total Cost of Sales	520,450	30	420,417	34.92	477,680.20	32
Gross Profit	973,003.12	58	633,268	52.60	831,675.11	56.29
Total Controllable Payroll Expenses	432,161	25.5	352,012	29.24	427,840	28.9
Total Other Payroll Expenses	64,815	3.8	56,968.12	4.73	60,584	4.10
Total Variable Expenses	193,641	11.5	157,835	13.11	197,118.98	13.34
Total Fun Center Income/(Expense)	10,691	.64	1,011	.08	69,290	4.7
Net Income	293,078	17	67,464.88	6.4	215,422	14.5
Royalty Fee	89,607	6	63,221	6%	88,645	6

Imputed Net Income	203,470	12	4,244	.4	126,777	8.5
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Note 1. “Total Revenue” as used in this financial performance representation means the total gross sales derived from the operation of the Restaurant including all sales of Menu Items, Proprietary Products, other food products, beverages and other related products and services to customers of the Restaurant, or any other source (including, but not limited to, insurance proceeds for loss of revenue), whether or not sold or performed at or from the HAPPY JOE’S Restaurant, less the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority. Total Revenue does not include game and coin machine income.

Note 2. “Net Revenue” means the Total Revenue minus authorized discounts.

Note 3. “Cost of Sales” means Total Revenue minus the costs for all food, and beverage ingredients, and paper products.

Note 4. “Gross Profit” means Net Revenue minus Cost of Sales.

Note 5. “Variable Expenses” includes expenses for advertising; HJNFB and co-op contributions; promotions; team sponsors and pledges; donations; Restaurant supplies; Workers Compensation insurance; laundry; staff member relations; education and conventions; maintenance supplies; uniforms; repairs and maintenance; maintenance contracts; outside services; telephone; television, cable, and internet; postage; office supplies; computer supplies; dues and subscriptions; cash (over) short; returned checks; travel and lodging; meals and entertainment; automobile expenses; client expenses; research and development for food; training materials; payroll administrative fees; intra-company bookkeeping; professional services; bank service fees; credit card fees; online ordering fees; licenses and fees; penalties and fines; sales and use tax expenses; waste removal; and other miscellaneous expenses. This category includes the contribution franchised Restaurants are required to pay to HJNFB and are recommended to spend on local advertising.

Note 6. “Total Fun Center Income/(Expense)” means the Gross Revenue from the Fun Center less Fun Center Expenses.

Note 7. “Net Income” means Gross Profit minus Controllable Payroll Expenses, Other Payroll Expenses, and Variable Expenses, plus Fun Center Income.

Note 8. “Royalty Fee Adjustment” reflects the 6% Royalty Fee that franchisees must pay to us under the franchise agreement on Net Revenue of the Restaurant and Gross Revenue of the Fun Center. These Restaurants did not pay us this Royalty Fee.

Note 9. “Imputed Net Income” means Net Income minus the Royalty Fee Adjustment.

Note 10. The affiliate-owned Restaurants included in the table above have been in operation ranging from ten (10) years to forty plus (40+) years. A newly established Restaurant without brand recognition in the local market or a customer base cannot expect to initially experience the same level of sales or income as an established business.

GROSS SALES OF RESTAURANTS

As of September 30, 2025, we had 29 franchised HAPPY JOE’S restaurants and three affiliate-owned restaurants in operation in the United States. Of the 29 franchised Restaurants, 22 were Full-Size Restaurants, one restaurant operated under our “PIZZAGRILLE” model, five were delivery-only or DELCO facilities, and one was a Bolt-On franchise which is a Restaurant that operates in an existing restaurant. Of the three affiliate-owned Restaurants, two were Full-Size Restaurants and one was delivery-only or a DELCO facility.

The following chart reflects historic representations of based on past performance of existing outlets’ Gross Sales for the year ending on September 30, 2025, for the 23 Full-Size HAPPY JOE’S Restaurants and six DELCO Restaurants that operated for at least the last nine months of the last fiscal year.

Restaurant Type	Average Gross Sales	Number of Restaurants Meeting or Exceeding the Average	Median Gross Sales	Number of Restaurants Meeting or Exceeding the Median	Gross Sales Range	
					Low	High
Full-Size Restaurants	969,040	10	947,948	12	201,481	1,814,814
DELCO Restaurants	882,625	1	777,852	3	461,280	1,956,926

Note 1. The information was compiled from royalty reports and/or financial statements submitted to us by the franchisee. This information has not been audited and we have not taken any steps to independently verify the accuracy of the information submitted for each of these restaurants.

Note 2. “Gross Sales” as used in the chart above means the total gross sales derived from the operation of the Restaurant including all sales of Menu Items, Proprietary Products, other food products, beverages and other related products and services to customers of Franchisee (including but not limited to any game and coin machine income), or any other source (including, but not limited to, insurance proceeds for loss of revenue), whether or not sold or performed at or from the HAPPY JOE'S Restaurant, less the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are paid to the appropriate taxing authority.

Note 3. As of September 30, 2025, the time the Full-Size Restaurants included in the above table have been in operation range from 30 months to forty+ (40+) years. As of September 30, 2025, the time the DELCO Restaurants included in the above table have been in operation range from nine months to forty+ (40+) years. A newly established restaurant without brand recognition in the local market or a customer base cannot expect to initially experience the same level of Gross Sales as the Gross Sales of established businesses.

Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.

Written substantiation of the data used in preparing this financial performance representation will be made available to prospective franchisees on reasonable request.

Other than the above financial performance representations, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any other 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 financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Thomas Sacco, 5239 Grand Avenue, Davenport, Iowa, 52807, (563) 332-8811, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1
Systemwide Outlet Summary
For years ended September 30, 2023, to September 30, 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	1	+1
	2024	1	2	+1
	2025	2	1	-1