

Provision	Section in area development or other agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 9(d)	You must not own or operate a business which specializes in selling prepared food products and related services the same as or similar to any other product or service provided through the System for two years after the Area Development Agreement is terminated. You will also be bound by and comply with the covenants in each Franchise Agreement signed with us.
s. Modification of the agreement	Article 15.	The Area Development Agreement can be modified only by written agreement between the parties.
t. Integration/merger/clause	Article 15.	Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Area Development Agreement may not be enforceable. Nothing in the Area Development Agreement or any other related written agreement is intended to disclaim representations made in the disclosure document.
u. Dispute resolution by arbitration or mediation	No provision	Not Applicable
v. Choice of forum	Section 17(b)	Any action will be brought in the appropriate state or federal court in the county in which we maintain our principal place of business (subject to state law).
w. Choice of law	Section 17(a)	Iowa law applies (subject to state law), except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946.

ITEM 18
PUBLIC FIGURES

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 a particular location or under particular circumstances.

2025 Gross Sales Data

As of December 31, 2025, there were 71 Pancheros restaurants (47 franchised restaurants and 24 affiliate-owned restaurants) in operation for the calendar year 2025 as reflected in Table 1. As of December 31, 2025, there were 67 Pancheros restaurants (43 franchised restaurants and 24 affiliate-owned restaurants) in operation for the three calendar years 2023 to 2025 as reflected in Table 2.

Further, while there are currently 25 affiliate-owned restaurants in operation as disclosed in Item 20, only 24 affiliate-owned restaurants have been reflected in Table 1 and 2 below, because one restaurant was closed for renovation during part of the calendar year 2024 and 2025 and therefore was not in operation for the full year.

Table 1.
2025 Gross Sales⁽¹⁾ of all 71 restaurants
in operation for the full calendar year 2025:

	Total	Average	Median	High	Low
All 71 Restaurants	\$115,639,585.71	\$1,628,726.56 ⁽²⁾	\$1,447,788.38 ⁽²⁾	\$5,070,240.12	\$312,488.77
47 Franchised Restaurants	\$75,146,743.47	\$1,598,866.88 ⁽³⁾	\$1,352,401.48 ⁽³⁾	\$5,070,240.12	\$312,488.77
24 Affiliate-owned Restaurants	\$40,492,842.24	\$1,687,201.76 ⁽⁴⁾	\$1,777,061.56 ⁽⁴⁾	\$2,814,535.47	\$766,978.25

Note 1: These financial performance figures do not reflect royalty fees, advertising fund contributions, operating expenses, or other costs or expenses that must be deducted from gross sales to obtain your net income or profit. “Gross Sales” has the same meaning as Gross Revenues which is all revenue derived from the operation of the Franchised Restaurant, including sales revenue derived from off-premises sales, whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received) or otherwise, less any sales tax or other taxes collected from your customers if paid to the appropriate taxing authority. Gross Sales also does not include the amount of any documented refunds and credits given in good faith to customers (but only if the original amounts were included in Gross Sales). All barter and/or exchange transactions for which you furnish services and/or products in exchange for goods or services to be provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Sales be valued at the full retail value of the goods and/or services provided to you.

Note 2: 16 (34%) franchised restaurants and 14 (58%) affiliate-owned restaurants met or exceeded this average; 22 (47%) franchised restaurants and 14 (58%) affiliate-owned restaurants met or exceeded this median.