

	PROVISION	SECTION IN AGREEMENT	SUMMARY
v.	Choice of forum	F.A. Section 27	Litigation in the state or federal court of general jurisdiction in the county or district in Iowa or the state in which our headquarters is then located (unless prohibited by laws of the state where the Business is located; see <u>Exhibit L</u>). We may obtain injunctive relief in any appropriate forum for your unauthorized use of our trademark, or for your violation of other covenants.
		A.D.A. Section 11	Same.
w.	Choice of law	F.A. Section 27	Iowa law applies (unless prohibited by laws of the state where your Restaurant is located; see <u>Exhibit L</u>), except no Iowa franchise/business opportunity registration or disclosure law or franchise relationship law will apply unless jurisdictional requirements are met; if we move our headquarters, we may choose to have the law of the new state apply by giving you notice within 6 months of our move.
		A.D.A. Section 11	Same.

Item 18

PUBLIC FIGURES

We do not currently use any public figures to promote our franchise but reserve the right to do so in the future.

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.

This Item 19 discloses historic performance for franchised Pizza Ranch® Restaurants as described in each of the tables included below. All Pizza Ranch restaurants report financial information to us based upon a uniform reporting system. The tables, figures, and income statements have been prepared in accordance with generally accepted accounting principles, but we have not audited these figures. The terms used in the tables and notes are defined in the endnotes following the tables. Wherever demographic or population information for the area surrounding the Restaurants is disclosed or used to sort Restaurants, such demographic or population information is based on data obtained from Environics Analytics/Claritas, which uses estimates based on the 2020 U.S. Census data.

TABLE ONE
Gross Sales¹ Arranged by Population Size Within a 3-Mile Radius of Restaurant
Calendar Year 2024
(212* Franchised Restaurants)

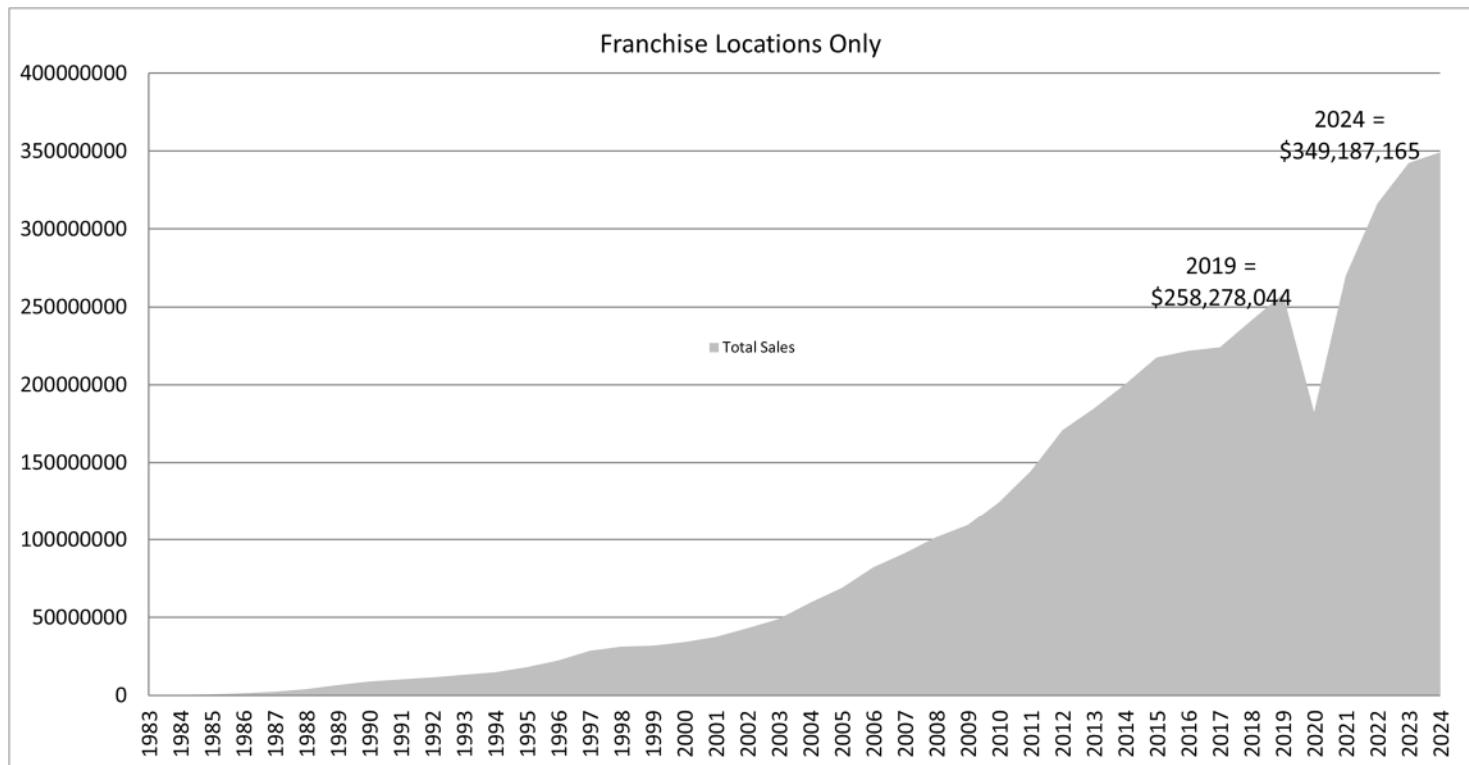
Table 1 discloses calendar year 2024 Gross Sales information for all franchised Restaurants that were open and operating for at least 3 full months as of December 31, 2024. Of the 218 system-wide Restaurants in operation as of December 31, 2024, 212 were franchised Restaurants and 6 were company-owned Restaurants. Of the 212 franchised Restaurants, 6 opened for business during 2024. The Gross Sales information for all 6 of these newly opened Restaurants was annualized for the purpose of Table 1. No franchised Restaurant was opened in 2024 but had not been open and operating for at least 3 full months as of December 31, 2024, and was excluded from tables in this Item 19, except for Table 2. During 2024, 6 franchised Restaurants closed, and no franchised Restaurants closed after being open less than 12 months. The information in Table 1 is sorted by the size of the population within a 3-mile radius surrounding the Restaurant.

Population within 3-Mile Radius of the Restaurant	Total Number of Restaurants	Average Gross Sales ¹	Median Gross Sales ¹	Range of Gross Sales ¹	Number and % of Restaurants At or Above Group Average	Number of New Restaurants Opened Since 2018
15,000 or Less	100	\$1,160,865	\$1,058,267	\$277,610 to \$2,763,210	50 of 100 or 50%	7
15,001 to 30,000	53	\$1,891,019	\$1,922,954	\$935,177 to \$3,264,301	26 of 53 or 49%	15
30,001 to 50,000	31	\$2,121,024	\$1,958,826	\$1,131,980 to \$3,900,637	13 of 31 or 42%	11
Over 50,001	28	\$2,409,977	\$2,232,464	\$1,201,157 to \$5,546,288	12 of 28 or 43%	9

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TABLE TWO
Growth of Total Franchise System Gross Sales¹
1983-2024

Table 2 discloses growth of franchised total Gross Sales associated with such franchised Restaurants from when we began franchising in 1983 through 2024. Figures are expressed as of December 31 for each year.



NOTES TO TABLES 1 AND 2:

1. “**Gross Sales**” means the total revenue generated by each franchised Restaurant, including any revenue generated by a FunZone.

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TABLE THREE
Gross Sales and EBITDAR
Franchised Restaurants With a FunZone
Twelve Months Ended December 31, 2024

Table 3 discloses data relating to the performance of the 85 franchised Restaurants that had a FunZone that were open and operating for at least 3 full months as of December 31, 2024. No franchised Restaurants with a FunZone were excluded because they had not been open and operating for at least 3 full months as of December 31, 2024. Of the 85 franchised Restaurants with FunZones, 15 of them opened for business during 2024, and the Gross Sales and other information for these 15 Restaurants was annualized for the purposes of Table 3.

The franchised Restaurants with a FunZone range from 5,600 to 7,600 square feet (not including the FunZone). The FunZones at these franchised Restaurants range from 600 to 4,900 square feet and include a total of 11 to 52 arcade games and amusement devices. The minimum square foot requirement for a FunZone in new Restaurants is 1,200 square feet.

Although some of the franchised Restaurants included in Table 3 below have been open for longer than the period during which they had a FunZone, the FunZones at these franchised Restaurants have been in operation for approximately 4 months to 14 years. Of the 85 franchised Restaurants with FunZones, 35 had a FunZone at the time of their initial grand opening to the public, and 50 added additional square footage subsequent to their initial grand opening in order to accommodate the addition of a FunZone.

TABLE 3
Financial Performance of Franchised Restaurants
with a FunZone (85 Restaurants)

Franchised Restaurants with a FunZone Twelve Months Ended December 31, 2024 (85 Restaurants)					
	Average Dollars	As a % of Gross Sales¹	Number and % of Restaurants At or Above % of Gross Sales (for Revenue/Earnings) or At or Below % of Gross Sales (for Costs/Expenses)	Median Dollars	As a % of Gross Sales¹
Gross Sales ¹	\$2,149,483	100.00%	38 of 85 or 45%	\$2,063,472	100.00%
Employee Labor ²	\$541,025	25.17%	39 of 85 or 46%	\$518,138	25.11%
Cost of Sales ³	\$599,706	27.90%	39 of 85 or 46%	\$574,471	27.84%
Controllable Expenses ⁴	\$262,667	12.22%	35 of 85 or 41%	\$248,236	12.03%
Unit Controllable Profit ⁵	\$746,085	34.71%	47 of 85 or 55%	\$722,628	35.02%
Non-Controllable Expenses ⁶	\$453,111	21.08%	34 of 85 or 40%	\$431,059	20.89%
EBITDA ⁷	\$292,974	13.63%	47 of 85 or 55%	\$291,569	14.13%
Rent ⁸	\$121,446	5.65%	32 of 85 or 38%	\$108,951	5.28%
EBITDAR ⁹	\$414,420	19.28%	48 of 85 or 56%	\$400,520	19.41%

NOTES TO TABLES 3:

1. “**Gross Sales**” is defined as the total revenue generated by each Restaurant, including revenue generated by the FunZone. For the 85 franchised Restaurants with FunZones listed in Table 3, the highest Gross Sales amount for 2024 was \$5,546,288 and the lowest Gross Sales amount for 2024 was \$855,056.

2. “**Employee Labor**” means the cost of all full time and part time labor and all management expenses, except for the expense of 1 General Manager’s wages, as well as all taxes and health insurance incurred in connection with employee labor. Employee Labor includes labor costs related to the FunZone.

3. “**Cost of Sales**” means all food costs, beverage costs, and paper product expenses. Cost of Sales also includes the cost of FunZone redemption prizes.

4. “**Controllable Expenses**” include the following:

Accounting & Legal	Laundry & Cleaning	Supplies
Advertising/Fund Raisers	Meals & Entertainment	Telephone
Bank Charges	Miscellaneous	Travel & Meetings
Car & Delivery	Outside Services	Uniforms
Cash Short/Long	Postage & Freight	Utilities
Contributions	Repairs & Maintenance	

5. “**Unit Controllable Profit**” or “**UCP**” means Gross Sales, minus Cost of Sales, Employee Labor, and Controllable Expenses.

6. “**Non-Controllable Expenses**” include the following:

Advertising Fees	Management Fee	General Manager’s Bonus
Dues & Subscriptions	Pension Expense	Officer’s Insurance
Franchise Expense	Taxes-License-Permits	Insurance
General Manager’s Wages	Leased Equipment	

Non Controllable Expenses do not include amortization, interest or depreciation.

7. “**EBITDA**” means Unit Controllable Profit minus Non-Controllable Expenses.

8. “**Rent**” means the rental expenses incurred in connection with each franchised Restaurants. Rent also includes rental expenses related to the FunZone.

9. “**EBITDAR**” means EBITDA plus Rent.

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TABLE 4
FunZone Only Performance in Franchised Restaurants (70 Restaurants)
Twelve Months Ended December 31, 2024

Table 4 discloses FunZone performance for the 12 months ended December 31, 2024, of franchised Restaurants with FunZones in operation for at least 12 months as of December 31, 2024. 85 franchised Restaurants were open and operating with a FunZone as of December 31, 2024. Table 4 below includes the 70 Restaurants in operation with a FunZone for at least 12 months as of December 31, 2024. The remaining 15 franchised Restaurants with FunZones as of December 31, 2024 are not included in Table 4 because they were not open for at least 12 months as of December 31, 2024.

Although the franchised Restaurants included in Table 4 below have been open for longer than the period during which they had a FunZone, the FunZones at these franchised Restaurants have been in operation for approximately 1 to 14 years. The FunZones at these franchised Restaurants range from approximately 600 to 4,900 square feet and include a total of approximately 11 to 55 arcade games and amusement devices. Of the 70 franchised Restaurants included in Table 4 below, 33 had a FunZone at the time of their initial grand opening to the public, and 37 added additional square footage subsequent to their initial grand opening in order to accommodate the addition of a FunZone.

FunZone only Performance in Franchised Restaurants Twelve Months Ended December 31, 2024 (70 Restaurants)					
	Average Dollars	As a % of FunZone Sales¹	Number and % of Restaurants At or Above % of FunZone Revenue (for Revenue/Earnings) or At or Below % of FunZone Revenue (for Costs/Expenses)	Median Dollars	As a % of FunZone Sales¹
FunZone Revenue ¹	\$342,878	100.00%	27 of 70 or 39%	\$304,785	100.00%
Employee Labor ²	\$26,196	7.64%	28 of 70 or 40%	\$20,146	6.61%
Cost of Sales ³	\$58,735	17.13%	35 of 70 or 50%	\$51,082	16.76%
Controllable Expenses ⁴	\$36,791	10.73%	35 of 70 or 50%	\$29,046	9.53%
Unit Controllable Profit ⁵	\$221,156	64.50%	41 of 70 or 59%	\$204,511	67.10%
Non-Controllable Expenses ⁶	\$56,986	16.62%	31 of 70 or 44%	\$48,461	15.90%
EBITDA ⁷	\$164,170	47.88%	42 of 70 or 60%	\$156,050	51.20%
Rent ⁸	\$31,030	9.05%	29 of 70 or 41%	\$26,943	8.84%
EBITDAR ⁹	\$195,200	56.93%	42 of 70 or 60%	\$182,993	60.04%

NOTES TO TABLE 4:

1. “**FunZone Revenue**” is defined as the total revenue generated by the FunZone in connection with each franchised Restaurant that has a FunZone. For the 70 franchised Restaurants with FunZones listed in Table 4, the highest FunZone Revenue amount for 2024 was \$1,219,241 and the lowest FunZone Revenue amount for 2024 was \$46,981.

2. “**Employee Labor**” means the cost of all full time and part time labor and all management expenses, except for the expense of 1 General Manager’s wages, as well as all taxes and health insurance incurred in connection with employee labor in connection with the FunZone. FunZone labor is allocated between the franchised Restaurant and the FunZone based on the number of hours team members are working in the FunZone redemption area.

3. “**Cost of Sales**” means the cost of redemption prizes.

4. “**Controllable Expenses**” include the following:

Accounting & Legal	Telephone
Advertising	Uniforms
Bank Charges	Utilities
Repair & Maintenance	Supplies

5. “**Unit Controllable Profit**” or “**UCP**” means FunZone Revenue, minus Cost of Sales, Employee Labor, and Controllable Expenses.

6. **“Non-Controllable Expenses”** include the following:

Advertising Fees	License(s)	Taxes
Franchise Expense	Manager's Salary	Insurance
Permit(s)	Leased Equipment	Rent

Non-Controllable Expenses do not include amortization, interest or depreciation.

7. **“EBITDA”** means Unit Controllable Profit minus Non-Controllable Expenses.

8. **“Rent”** means the rental expense incurred by the franchised Restaurant in connection with the FunZone. This amount does not include rental expenses attributable to the remainder of the Restaurant premises. Rent is allocated based on the square footage of the FunZone in comparison with the square footage of the Restaurant.

9. **“EBITDAR”** means EBITDA plus Rent.

NOTES TO ALL TABLES:

If you elect to open and operate a new Pizza Ranch® restaurant, you will be required to open it with a FunZone, unless we grant an exception. Existing franchisees that entered into franchise agreements prior to the issuance date of this disclosure document, are not required to operate a FunZone at their Restaurants but have the option of adding one if their Restaurant premises meet our required standards. The gross sales, profits, earnings, and operating income figures represent averages and medians of specific FunZones and should not be considered as the actual or potential sales, profits, earnings or operating income that will be realized by any other FunZone at a Pizza Ranch® Restaurant.

The gross sales, profits, earnings, and operating income figures represent averages and medians of specific restaurants and should not be considered as the actual or potential sales, profits, earnings or operating income that will be realized by any other restaurant. We do not represent that any franchisee can expect to attain these sales, profits, earnings or operating income. Your individual financial results are likely to differ from these results. These figures have not been audited.

Certain financial performance representation figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Pizza Ranch® Restaurant. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

If you rely on these figures, you must accept the risk of not doing as well. You must bear in mind that a newly opened business should not be expected to achieve sales volumes (or maintain expenses) similar to those of an established business. In addition, your results are likely to vary with local economic or market conditions that may affect, among other things, the sales, as well as the cost of food and beverages, payroll and labor expenses, and the cost of utilities and other services necessary to operate the Pizza Ranch® Restaurant.

There are several characteristics of the locations used in this financial performance representation that may differ materially from those of your location. They include the size and number of seats of the building, population around the location, overall retail sales around the location, quality of the management team, allowable signage, ingress/egress factors, competitive factors, traffic patterns, employment around the location, number of households, and median and disposable income factors.

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

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 Mark Soub, Pizza Ranch, Inc., 204 19th Street SE, Orange City, Iowa 51041; 712-707-8800 or 800-321-3401; the Federal Trade Commission; and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
Systemwide Outlet Summary
For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	207	205	-2
	2023	205	212	+7
	2024	212	212	0
Company-Owned	2022	6	6	0
	2023	6	6	0
	2024	6	6	0
Total Outlets	2022	213	211	-2
	2023	211	218	+7
	2024	218	218	0