

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.

2024 Gross Sales Data

As of December 31, 2024, there were 72 Pancheros restaurants (47 franchised restaurants and 25 affiliate-owned restaurants) in operation for the calendar year 2024 as reflected in Table 1. As of December 31, 2024, there were 67 Pancheros restaurants (42 franchised restaurants and 25 affiliate-owned restaurants) in operation for the three calendar years 2022 to 2024 as reflected in Table 2.

Table 1.
2024 Gross Sales⁽¹⁾ of all 72 restaurants
in operation for the full calendar year 2024:

	Total	Average	Median	High	Low
All 72 Restaurants	\$115,981,868.17	\$1,610,859.28 ⁽²⁾	\$1,470,483.06 ⁽²⁾	\$4,788,478.17	\$333,884.11
47 Franchised Restaurants	\$74,404,039.67	\$1,583,064.67 ⁽³⁾	\$1,411,228.35 ⁽³⁾	\$4,788,478.17	\$333,884.11
25 Affiliate-owned Restaurants	\$41,577,828.50	\$1,663,113.14 ⁽⁴⁾	\$1,610,910.24 ⁽⁴⁾	\$2,957,411.87	\$796,494.05

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 (22%) franchised restaurants and 13 (18%) affiliate-owned restaurants met or exceeded this average; 22 (31%) franchised restaurants and 14 (19%) affiliate-owned restaurants met or exceeded this median.

Note 3: 17 (36%) franchised restaurants met or exceeded this average and 24 (51%) of franchised restaurants met or exceeded this median.

Note 4: 12 (48%) affiliate-owned restaurants met or exceeded this average and 13 (52%) affiliate-owned restaurants met or exceeded this median.

Table 2.
2024 Gross Sales⁽⁵⁾ of all 67 restaurants in operation
for three full calendar years from 2022 to 2024:

	Total	Average	Median	High	Low
All 67 Restaurants	\$110,131,937.39	\$1,643,760.26 ⁽⁶⁾	\$1,545,853.27 ⁽⁶⁾	\$4,788,478.17	\$514,539.43
42 Franchised Restaurants	\$68,554,108.89	\$1,632,240.69 ⁽⁷⁾	\$1,385,632.85 ⁽⁷⁾	\$4,788,478.17	\$514,539.43
25 Affiliate-owned Restaurants	\$41,577,828.5	\$1,663,113.14 ⁽⁸⁾	\$1,610,910.24 ⁽⁸⁾	\$2,957,411.87	\$796,494.05

Note 5: 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 6: 16 (24%) franchised restaurants and 12(18%) affiliate-owned restaurants met or exceeded this average; 20 (30%) franchised restaurants and 14 (21%) affiliate-owned restaurants met or exceeded this median.

Note 7: 16 (38%) franchised restaurants met or exceeded this average and 21 (50%) of franchised restaurants met or exceeded this median.

Note 8: 12 (48%) affiliate-owned restaurants met or exceeded this average and 13(52%) affiliate-owned restaurants met or exceeded this median.

2024 Food and Paper Costs¹

25 Affiliate-Owned PANCHEROS restaurants operating Full 12 Months

The following chart reflects the 2024 food and paper costs for the **25** affiliate-owned restaurants that we operate, that were in operation for the full 12 months of 2024. These 25 restaurants use a common back-office system and common food cost calculation procedures. There are no franchised restaurants in this group.

	Average	Low	High	Median
Food	26.69% ⁽²⁾	23.90%	31.50%	26.60%
Paper	3.44% ⁽³⁾	3.00%	3.90%	3.40%

Note 1. The above costs do not include labor, rent, utilities, and other costs incurred by affiliate-owned restaurants, nor do they reflect any government-imposed tariffs that may impact the future costs of certain products. Franchised restaurants may incur additional costs that affiliate-owned restaurants do not have, including royalty payments, training expenses, and certain advertising fees.

Note 2. 13 (or 52%) of these 25 restaurants met or exceeded this average.

Note 3. 14 (or 56 %) of these 25 restaurants met or exceeded this average.

Some restaurants have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Except for the information presented above, 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 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 Rodney Anderson, 2475 Coral Ct., Suite B, Coralville, Iowa 52241 (319) 545-6565, the Federal Trade Commission, and the appropriate state regulatory state 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	43	47	4
	2023	47	48	+1
	2024	48	50	2
Company- Owned	2022	27	27	0
	2023	27	26	-1
	2024	26	26	0
Total Outlets	2022	70	74	+4
	2023	74	74	0
	2024	74	76	2