



taco john's®

SINCE 1969

2024

Franchise Disclosure Document



FRANCHISE DISCLOSURE DOCUMENT

Taco John's International, Inc.
(a Wyoming corporation)
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The franchise offered is to operate a Taco John's Restaurant that serves mainly Mexican food for carry out or consumption on the premises.

The total investment necessary to begin operation of a Taco John's franchise varies depending upon the size and seating capacity of the Taco John's Restaurant. The total investment (except for real estate) for a freestanding traditional restaurant range from \$1,330,000 to \$2,079,000, for an endcap traditional restaurant ranges from \$770,000 to \$1,301,000, and for a Drive Thru Olé traditional restaurant ranges from \$950,000 to \$1,704,000. For a non-traditional restaurant the total investment ranges from \$437,000 to \$949,000. This includes \$10,000 to \$25,000 that must be paid to the franchisor for the Initial Franchise Fee.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Note, however, that no government agency has verified the information contained in this document.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: March 29, 2024.

FOR USE IN: AL, AK, AZ, AR, CA, CO, CT, DE, DC, GA, FL, ID, IL, IN, IA, KS, KY, LA, ME, MA, MI, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NY, NC, ND, OH, OK, OR, PA, RI, SC, SD, TN, TX, UT, VT, VA, WA, WV, WI, WY, and U.S. TERRITORIES (see State Effective Dates page for effective dates in certain states.)

NOT FOR USE IN: HI or MD.

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Attachments D and E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Attachment F includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Taco John's business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Taco John's franchisee?	Item 20 or Attachments D and E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Attachment G.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Colorado than in your own state.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

INFORMATION FOR PROSPECTIVE FRANCHISEES IN MICHIGAN

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (A) A prohibition on the right of a franchisee to join an association of franchisees.
- (B) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act (the Michigan Franchise Investment Law]. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (C) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration, of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (E) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (F) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state. (The above language has been included in this Disclosure Document as a condition for registration. We and you do not agree that the parties are restricted from choosing to conduct arbitration outside of Michigan and believe that each of the provisions of the Franchise Agreement, including each of the arbitration provisions, is fully enforceable. We and you intend to rely on the federal pre-emption under the Federal Arbitration Act.)
- (G) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed franchisee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(H) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (C).

(I) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the Attorney General does not constitute approval, recommendation, or endorsement by the Attorney General.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee or subfranchisor until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding the notice should be directed to:

State of Michigan
Department of Attorney General
Franchise Section - Consumer Protection Division
G. Mennen Williams Building, 1st Floor
525 W. Ottawa Street
Lansing, Michigan 48933
Telephone Number: (517) 373-7117

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ATTACHMENT B	Area Development Agreement Exhibit I – Addendum to Area Development Agreement
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ITEM 1.
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor is Taco John's International, Inc. To simplify the language in this Franchise Disclosure Document ("Disclosure Document"), Taco John's International, Inc. will be referred to as "we," "us" or "Taco John's." We will refer to the person or entity that buys or is considering buying the franchise as "you" throughout the Disclosure Document. If the Franchisee will operate through a corporation or partnership, "you" also includes the Franchisee's owners or partners.

We are a Wyoming corporation incorporated on May 7, 1985. Our principal business address is 808 West 20th Street, Suite 200, Cheyenne, Wyoming 82001 and our telephone number is 307-635-0101. We do business under our corporate name and as "Taco John's." Our agents for service of process are listed on Attachment G. There are no parents or predecessors that are required to be disclosed in the Disclosure Document.

In March 2020, we relocated our franchise support services departments, consisting of operations, marketing, supply chain, research and development, training, and restaurant technology, to 1650 West End Boulevard, Suite 200, St. Louis Park, Minnesota 55416, telephone number 800-854-0819. The franchisor administrative services departments for human resources, finance and accounting, and legal affairs continue to be located at our headquarters in Cheyenne, Wyoming.

We are in the business of operating and granting single-unit franchises and franchise development rights to operate restaurants known as "Taco John's Restaurants" which offer for sale various food products prepared on site, mainly Mexican food, including a wide variety of traditional and cross-ethnic menu items. We will refer to a Taco John's Restaurant in this Disclosure Document as either a "Restaurant" or a "Taco John's Restaurant." Customers may eat their food on the premises or may carry out their purchases. Most Restaurants provide seating and/or a drive-thru window. Taco John's Restaurants operate under certain trademarks, service marks and other commercial symbols, including the mark TACO JOHN'S®, all of which we may change or add to (the "Marks"), and use a system for the establishment and operation of the Restaurants that includes distinctive recipes, interior and exterior designs, color schemes, and fixtures and equipment, all of which we may modify, develop and supplement periodically (the "Restaurant System").

The Taco John's concept was first developed in 1969 by Woodson-Holmes Enterprises, Inc., a Wyoming corporation formed on February 10, 1969 ("Woodson-Holmes"). Prior to our formation in 1985, Woodson-Holmes operated Taco John's Restaurants and franchised Taco John's Restaurants to third parties. In 1985, Woodson-Holmes was merged into us, at which time we began operating our own Taco John's Restaurants and franchising Taco John's Restaurants. As of December 31, 2023, there were a total of 364 Taco John's Restaurant units in 23 states. This includes 357 franchised Taco John's Restaurants and seven company-owned and operated Taco John's Restaurants. We are not engaged in any other line of business. Woodson-Holmes may be deemed a predecessor of ours.

In 2015, we began offering Area Development Agreements for the sale of multiple Taco John's Restaurants. As of December 31, 2023, there were 10 Area Development Agreements to develop Restaurants at various locations.

Spicy Seasonings, LLC, a Wyoming limited liability company formed on September 24, 2020 and located at 67 Goose Lane, Sheridan, Wyoming 82801 ("SS, LLC"), is an affiliate of ours that owns all of the Marks and certain of the secret recipes which make up part of the Restaurant System. (See Items 8 and 13 of this Disclosure Document.) In September 2020, SS, LLC acquired all of its assets from Taco John's Seasonings Limited Partnership, a Wyoming limited partnership ("TJS"), through a reorganization of

commonly owned entities. TJS was subsequently dissolved on December 31, 2020. Neither we, our predecessor, nor our affiliates have granted or sold franchises in any other lines of business.

We have, in some limited situations, allowed a Franchisee to operate its restaurant facility as a dual branded unit, offering products authorized under the Restaurant System together with products licensed from an independent third party. As of December 31, 2023, there were four Franchisee-owned Taco John's/Steak Escape restaurants located in Colorado, Minnesota and South Dakota, and two Franchisee-owned Taco John's/Good Times Burgers and Frozen Custard restaurants, which are located in Wyoming.

This Disclosure Document describes the Taco John's Restaurant franchise and the development rights we currently offer in the states for which this Disclosure Document is used. The terms of the agreements described in this Disclosure Document may differ substantially from those we have used in the past, and we reserve the right to change the forms and terms of the agreements used in the future.

Taco John's Franchise Agreement

A franchise offered under this Disclosure Document is for a qualified person (a "Franchisee" or collectively, the "Franchisees") to operate a Taco John's Restaurant under a franchise agreement with us. Attached to this Disclosure Document, as Attachment A, is our current standard form of franchise agreement for the operation of a Taco John's Restaurant (the "Franchise Agreement"). Under the Franchise Agreement, you will be given the right to own and operate a Taco John's Restaurant at a designated location accepted by us (the "Premises") using the Marks and the Restaurant System.

We offer two franchise concepts. Our feature concept is our traditional restaurant concept, which has three prototype building models; a freestanding building, an endcap location in a shopping mall, strip mall or alternative facility with our approval, and a Drive Thru Olé building. The freestanding building and endcap location models typically have a Premises size of 1,800 to 2,500 square feet with the capacity to seat 30 to 60 patrons and with drive-thru window service. The Drive Thru Olé models are designed for smaller markets and typically have a Premises size of 900 to 1,100 square feet and are drive thru focused buildings with limited or no seating. Our Drive Thru Olé models include the "Drive Thru Olé Digital" for drive thru, pickup, and walk-up service without seating and the "Drive Thru Olé Plus" for drive thru, pickup, and walk-up service with seating for up to 10 patrons. Unless otherwise noted, references in this Disclosure Document to our traditional restaurant refers to the freestanding, endcap, and Drive Thru Olé models. See Item 7 for additional information on each of these restaurant designs.

The second franchise concept is for non-traditional locations. A non-traditional location is a venue or facility where the primary purpose of the consumer's visit is typically for reasons other than the purchase of goods from a Taco John's Restaurant. Examples include airports and other transportation hubs, hospitals, college campuses and other educational facilities, convention centers, grocery stores, department stores, "big box" retail centers, sports arenas and stadiums, hotels and office buildings, military installations (Army and Air Force Exchange Services), and food courts. Typically, these are full-service restaurants with a Premises size of 675 to 2,000 square feet. Non-traditional locations typically do not have a drive-thru window.

We franchise both concepts under our standard form of Franchise Agreement. In some cases, we may modify the Franchise Agreement for non-traditional locations to address different conditions and circumstances. See the Non-Traditional Facility Rider which is attached to the Franchise Agreement as Exhibit V.

Taco John's Area Development Agreement

Certain qualified persons may also be offered the right to develop and operate multiple Taco John's Restaurants in a designated geographical area (the "Development Area") under the terms of an Area Development Agreement ("ADA"). Our current standard form of ADA for the development of Taco John's Restaurants is attached as Attachment B. In the sections of this Disclosure Document where we describe the ADA, we will refer to a person who has been granted rights under such agreement as "you" or the "Developer." A Developer must sign a Franchise Agreement for each Taco John's Restaurant opened in the Development Area, which Franchise Agreement may be materially different from the form of Franchise Agreement attached to this Disclosure Document, except that we will not increase your Initial Franchise Fee as discussed in Item 5. The ADA states the number of Taco John's Restaurants that you must open in your Development Area and the deadlines for opening and commencing operations of those Restaurants.

Competition

The products of Taco John's Restaurants are sold to the general public. You will have to compete with other national and regional chains and local businesses offering similar products and, to a lesser extent will have to compete for customers with grocery stores, which offer frozen or prepared Mexican food. You should recognize that the quick service restaurant industry is highly competitive and that such competition affects both us and our Franchisees. An investment in a Taco John's Restaurant, like any other business, involves business risks and the success of the venture depends primarily on your business abilities and efforts. We do not warrant or represent that a specific location will be successful or that you will be able to achieve any specific sales or profit levels.

Laws and Regulations

The food industry is regulated. You must investigate and comply with all local, state and federal health and sanitation laws, and safety standards relating to food handling and preparation, and the sale of food. You will need to understand and comply with those laws in the operation of your Taco John's Restaurant. In addition, franchisees must comply with other laws which affect the operation of a business generally, including employment, workers' compensation, business entities, insurance, corporate, taxing, licensing, zoning, and similar laws and regulations. You should consult with an attorney regarding state and local laws, rules, and regulations that may affect the operation of your Taco John's Restaurant at your particular location.

ITEM 2. BUSINESS EXPERIENCE

Director: John V. Blankenship

Mr. Blankenship became a member of our Board of Directors in January 2022. From 2016 to 2019, he was a consultant for Food Service Committee, Hide Away Hills Lodge, in Sugar Grove, Ohio. From 2019 to the present, he has served as a member of the board of Juniper Grill Enterprise, LLC.

Director: Kelley Digby

Ms. Digby became a member of our Board of Directors in December 2014.

Director: Greg Haggis

Mr. Haggis became a member of our Board of Directors in January 2020. From April 2016 to August 2023, he served as Chief Financial Officer of The Wenzak Companies, a Wendy's and Wingstop franchisee based out of Naperville, Illinois.

Director: Erik Hess

Mr. Hess became a member of our Board of Directors in January 2022. From August 2020 to May 2021, he served as President of Focus Brands LLC - Restaurant Category (Moe's Southwest Grill, McAlister's Deli, and Schlotsky's Deli) in Atlanta, Georgia. From August 2019 to August 2020, he served as President of Moe's Southwest Grill in Atlanta, Georgia. From 2017 to August of 2019 and again from June 2021 to the present, he served as President of Hess Consulting Group, LLC in St. Charles, Illinois.

Director: Les Karel

Mr. Karel was elected to our Board of Directors in January 2020. Since December 2020, he has also served as Executive Vice President of National DCP, LLC, in Duluth, Georgia. National DCP distributes products to Dunkin' franchise restaurants. From 2011 through 2019, he served as Senior Vice President of ARCOP, Inc. in Atlanta, Georgia. ARCOP is the national supply chain cooperative of the Arby's franchise chain.

Director: Clint Langer

Mr. Langer is an attorney and since 2001 has practiced with the firm Davis & Cannon, LLP, in Sheridan, Wyoming. He became a member of our Board of Directors in December 2014.

Director: Gerard Lewis

Mr. Lewis has been a member of our board since June 2018 and since January 2021 serves as the Chairman of the Board. He served as our Interim President from January 2024 to February 2024. In 2014, he founded G&S Food Group located in Castle Pines, Colorado, which he still runs.

Director: Brandy O'Connor

Mr. O'Connor became a member of our Board of Directors in January 2017. He has been Chief Revenue Officer of TRC Healthcare, a Colibri Group Company, in Roseville, California since December 2016.

Director: Bart Taylor

Mr. Taylor has been a member of our Board of Directors since June 2005. He became a manager of SS, LLC upon its formation in September 2020. Mr. Taylor also actively participates in the management of various family trusts.

Director: Scott Weisberg

Mr. Weisberg became a member of our Board of Directors in January 2020. From 2018 to the present, Mr. Weisberg has been providing executive coaching, talent and organizational services through Scott Weisberg Coaching and Advisory, LLC (formerly Incisive Consulting, LLC), a company he founded that is located in Boerne, Texas.

President, Chief Executive Officer, and Director: Heather Leed Neary

Ms. Neary joined Taco John's as President and Chief Executive Officer in February 2024. She became a member of our Board of Directors in March 2024. From 2021 to 2024, Ms. Neary served as President of KBP Bells, a Taco Bell franchisee located in Overland Park, Kansas. Prior to that, from 2015 to 2021, she served as President of Auntie Anne's LLC in Lancaster, Pennsylvania. Ms. Neary is located in our St. Louis Park, Minnesota office.

Chief Operating Officer: Mark Kocer

Mr. Kocer joined Taco John's as Chief Operating Officer in October 2022 and also served as the Interim Head of Franchise Development from October 2023 to February 2024. From January 2020 to October 2022, he served as a Division Vice President for Arby's Restaurant Group, Inc. located in Minneapolis, Minnesota. Prior to that, from April 2009 to December 2019, Mr. Kocer was the Senior Director of Operations for Arby's Restaurant Group, Inc. located in Minneapolis, Minnesota. Mr. Kocer is located in our St. Louis Park, Minnesota office.

Chief Financial Officer and Corporate Treasurer: Richard Bundy

Mr. Bundy joined us in February 2021 as Chief Financial Officer. He became our Corporate Treasurer in January 2024. From June 2018 to January 2021, he served as Senior Vice President and Chief Financial Officer for Christopher & Banks Corporation, located in Plymouth, Minnesota. Mr. Bundy is located in our St. Louis Park, Minnesota office.

Chief Marketing Officer: Barry Westrum

Mr. Westrum joined Taco John's in May 2020 as our Chief Marketing Officer. From August 2017 to February 2020, he served as the Chief Marketing Officer for Del Taco, LLC, located in Lake Forest, California. Mr. Westrum is located in our St. Louis Park, Minnesota office.

General Counsel and Corporate Secretary: Patricia L. Hays

Ms. Hays has served as our General Counsel and Corporate Secretary since June 2010. Ms. Hays is located in our Cheyenne, Wyoming office.

Vice President for Human Resources: Stephanie Gooden

Ms. Gooden has been employed by us since January 2010. Since September 2016 she has served as our Vice President for Human Resources. Ms. Gooden is located in our Cheyenne, Wyoming office.

Vice President for Technology: Ryan Baune

Mr. Baune joined Taco John's as Vice President for Technology in January 2024. From 2022 to 2024 he served as Chief Technology Officer for Steele Brands located in Minneapolis, Minnesota. Prior to that, from 2017 to 2021 he served as Vice President, Restaurant Technology, for Buffalo Wild Wings in Minneapolis, Minnesota, and Inspire Brands in Atlanta, Georgia. Mr. Baune is located in our St. Louis Park, Minnesota office.

Vice President for Franchise Development: Shannon Iverson

Ms. Iverson joined Taco John's as Vice President for Franchise Development in February 2024. From 2022 to 2024, she served as Vice President of Franchise Growth for Marco's Franchising, LLC located in Toledo, Ohio. She also served in various franchise sales roles with Marco's Franchising from 2018 to 2022. Ms. Iverson is based out of our Cheyenne, Wyoming office.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

ITEM 4. BANKRUPTCY

Our CFO, Richard Bundy, was Senior Vice President and Chief Financial Officer for Christopher & Banks Corporation from June 2018 to January 2021. On January 13, 2021, Christopher & Banks filed a petition to reorganize under Chapter 11 of the U.S. Bankruptcy Code in the District of New Jersey (Case No. 21-10269-ABA). Christopher & Banks is located at 2400 Xenium Lane North, Plymouth, Minnesota. It is not affiliated with us.

Except for the one bankruptcy matter noted above, no bankruptcies are required to be disclosed in this Disclosure Document.

ITEM 5. INITIAL FEES

The initial fees and other initial payments required under the ADA and the Franchise Agreement are described below. All initial fees are due to us upon signing of the ADA or Franchise Agreement and are non-refundable once paid.

Area Development Agreement

In addition to the Initial Franchise Fee, stated below, for your initial Taco John's restaurant, we currently charge a non-refundable development fee (referred to in the sections of this Disclosure Document that describe the ADA as the "Development Fee") of \$5,000 multiplied by the number of Taco John's Restaurants to be developed and operated by you under the ADA, payable in a lump sum when you sign the ADA. The formula to determine the Development Fee is applied uniformly for all Developers that sign this form of agreement. Five Thousand Dollars (\$5,000) of the Development Fee will be applied toward the Initial Franchise Fee payable under each Franchise Agreement for your Taco John's Restaurants executed pursuant to the ADA.

Franchise Agreement

For a traditional Taco John's Restaurant, we currently charge an Initial Franchise Fee (referred to in those sections of this Disclosure Document in which we describe the Franchise Agreement as the "Initial Franchise Fee") of \$25,000 for your first Taco John's Restaurant, payable in full when you sign the Franchise Agreement. If you are an existing franchisee of ours and want to open a second or subsequent outlet that is a traditional Taco John's Restaurant, the Initial Franchise Fee for the Restaurant is currently \$20,000, payable in full when you sign the Franchise Agreement. Except as is noted above and in situations

based on unique facts, the Initial Franchise Fee is imposed uniformly on our franchisees who sign our current Franchise Agreement.

For a non-traditional Taco John's Restaurant, we currently charge an Initial Franchise Fee of \$10,000, payable in full when you sign the Franchise Agreement.

If you sign an ADA with us, the Initial Franchise Fee for your second and each subsequent Taco John's Restaurant that is a traditional Taco John's Restaurant will be in the reduced amount of \$20,000. The Initial Franchise Fees for the subsequent outlets are payable in full when you sign each Franchise Agreement. We will apply \$5,000 of your Deposit or Development Fee to the Initial Franchise Fee due when you sign the Franchise Agreement for each Restaurant.

Other Information

You are not obligated under the Franchise Agreement to purchase any other pre-opening goods or services from us or our affiliates.

Except as described above, the Initial Franchise Fee is uniform for all Franchise Agreements executed pursuant to this Disclosure Document.

ITEM 6. OTHER FEES

Area Development Agreement

There are no "continuing fees" under the ADA, except for the following:

Column 1 Name of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Extension Fee	\$2,500 per Restaurant	Upon your request for an extension	We may require you to pay this fee if you request an extension to the Development Schedule. This fee is paid to us and is non-refundable.

The ADA contemplates that you will execute one or more Franchise Agreements. The additional fees that you will be expected to pay under the Franchise Agreement are described below.

Franchise Agreement

You will be obligated to make certain payments to us under the Franchise Agreement in addition to the Initial Franchise Fees described in Item 5. Unless otherwise noted, these payments are non-refundable and are imposed by and payable to us. All of these fees are generally imposed uniformly on our franchisees who sign our current Franchise Agreement, but we may in unique situations modify certain fees. Certain fees in the current Franchise Agreement have changed from the amounts charged in the past and may change in the future. Therefore, existing and future franchisees may have fees imposed on them that are different from those represented in this table.

Column 1 Name of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	5% of Net Sales ^{2,4}	Currently due on the 20 th day of each month	We reserve the right to change the frequency of the payment and/or the due date(s) of the payment on 60 days' prior advance written notice to you.
Advertising and Marketing Fees	4% of Net Sales ² for traditional Restaurants; 2% of Net Sales ² for non- traditional Restaurants	Payable at the same time as the Royalty	For traditional Restaurants, we will not change the amount of this fee before January 1, 2026, but thereafter we may modify this fee upon 60 days' notice up to a maximum of 4.25% of the Net Sales of the Restaurant during the Initial Term of the Franchise Agreement. We will not increase this fee for non-traditional Restaurants during the Initial Term of the Franchise without your consent.
Financial Reporting System Fee	Currently none; fee will be determined once implemented	As incurred	We reserve the right to implement this fee upon 180 days' notice to you. Once implemented, this fee will be payable to us or our third-party vendor as we direct for a system that generates and delivers to us electronic reports containing the Net Sales of the Restaurant and any other data, information, and supporting records concerning the financial condition of the Restaurant that we reasonably require. This will replace the requirement for you to provide us with copies of your profit and loss statements each month. Once implemented, this fee may be changed upon 30 days' notice to you.
Grand Opening Marketing	\$5,000 to \$10,000 (but this may be increased to \$25,000 in those markets we define as underpenetrated)	As incurred	You must conduct a grand opening advertising program that we approve. We may require a higher expenditure for underpenetrated markets.
Required Purchases	Will vary under circumstances	Upon receipt of merchandise or installation of equipment	You must purchase only products to be sold from the Restaurant that we have approved, and you must purchase only from suppliers and distributors that we approve, which may include us or our affiliates. For more information about required purchases, see Items 8, 11 and 16.
The Olé! Way Online Learning Management System License Fee	\$240 per year; and subject to change annually	Annually	Payable to us or our third party online vendor as we direct for access to our online learning management system called The Olé! Way, which provides you with certain ongoing training materials and access to the Operations Manual, defined in Item 8.
Gift Card Fee	In an amount designated by the gift card processor, estimated not to exceed \$100 in 2023; and subject to change annually	Annually	You must participate in the Gift Card System and pay us a fee which we will submit to the gift card processor on your behalf. You will be required to enter into the Prepaid Implementation and Boarding Form, in the form attached to this Disclosure Document as Attachment J.

Column 1 Name of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Back of House Information System	\$140 per month, and subject to change annually	Monthly	Payable to us or our third-party vendor as we direct for the back of house information system.
Geofencing Service Fee	\$35 per month, and subject to change annually	Monthly	Payable to us or our third-party vendor as we direct for the geofencing service integrated with the mobile ordering platform
Loyalty Program Fee	Currently none	As incurred	You must, at your expense, participate in our customer loyalty program, including honoring loyalty rewards presented in your Restaurant, as the program may be modified from time to time.
Guest Experience Feedback Program Fee	As designated by the supplier, currently \$85 per mystery shop event plus cost of the food; subject to change annually	As determined	We have established a guest experience feedback program to evaluate guest satisfaction of your Restaurant. You must participate in it and pay the fees or charges associated with it. We collect this fee from you and submit it to the provider on your behalf. We have the right to review the results of the service evaluation.
Technology Fee	Currently none	Once implemented, payable at the same time as the Royalty	Once implemented, this fee will replace The Olé! Way Online Learning Management System License Fee, financial reporting system fee, back of house information system fee, geofencing service fee, gift card fee, loyalty program fee, and guest experience feedback program fee noted above, and other technology-related implementation, subscription, or license costs, and will also be used for further development and support of technology by or for us. When we collect this fee, we will submit a portion of it to the third-party vendors who provide certain of the services covered by this fee on your behalf. Any funds remaining at the end of a year will be carried over to future years for technology development.
Additional Training	Then current rate	As incurred	We do not charge a fee for initial training, and we do not charge any additional fee for training on The Olé! Way system, but we may charge a fee for any other training programs, workshops or seminars that we may periodically offer and for additional in-unit training requested by a Franchisee from time to time. For more information about training requirements, see Item 11.

Column 1 Name of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Certified Manager Training	Will vary as designated by the supplier you select and the method of training	As incurred	Your Active Certified Managers must participate in a training program that we provide for no charge. They must also obtain a food safety certification through programs offered from third party suppliers that we approve. See Item 11 for more information on the requirements applicable to your Active Certified Managers.
Nonattendance Fee	Varies	Prior to attendance at the convention	If you do not attend the Association of Taco John's Franchisees' annual convention, we have the right to charge you a nonattendance fee equal to the amount of the attendance fee charged by the association.
Non-Compliance Fee	3% of Net Sales beginning 15 days after you are notified of the non-compliance until you have cured it	As incurred	If you are determined by us to be non-compliant with remodel, equipment, or technology requirements in the Franchise Agreement, we have the right to charge you a fee to offset the administrative and management costs incurred as a result of your non-compliance. This fee will be charged from the date that is 15 days after the date you are notified of the non-compliance issue through the date when the non-compliance issue is cured, up to a maximum of six months for each act of non-compliance.
Delayed Opening Fee	\$250 for each support member, up to a maximum of \$1,000	As incurred	If your scheduled opening date is delayed for any reason, we have the right to charge you a delayed opening fee. This fee is to help offset the cost we incur in preparing to attend your opening, including rescheduling our team member resources and modifying travel arrangements.
Insurance Cost Reimbursement	Will vary under circumstances	As incurred	You are required to obtain the insurance we require (see Item 8). If you do not secure or maintain the specified coverage or give us evidence of that coverage, we may obtain the insurance and charge you for it and any expenses we incur.
Premium for Loss of Business Income and Incident Response for Foodborne Illness Insurance Coverage	\$333 per year; and subject to change annually	As incurred	We will provide this insurance coverage. It covers our locations and each individual franchised location. You must participate in this required coverage and pay the premium associated with it. We collect this amount from you and submit it to the insurance carrier on your behalf.
Transfer Fee	15% of our then current Initial Franchise Fee	Upon our approval of the transferee	Payable by you.
Renewal Fee	25% of our then current Initial Franchise Fee	Upon renewal	You must pay us a renewal fee for each renewal of your Franchise Agreement.

Column 1 Name of Fee¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Conceptual Floor Plan and Conceptual Site Plan	Will vary under circumstances	As incurred	We will provide one set of conceptual plans at no charge. Additional layouts or revisions will be invoiced at our then current rate. Our current rate is \$75.00 per hour to prepare additional layouts or revisions to your conceptual plans.
Site Evaluation and Site Acquisition Support Services	Will vary under circumstances	As incurred	We may require you to reimburse us for actual expenses if we assist you with site evaluation and site acquisition support if you request our assistance.
Temporary Management Fee	Will vary under circumstances	As incurred	If you cannot operate your Restaurant due to death or permanent disability, we may appoint a manager and charge you a fee for the management services of 15% of the Net Sales for the days we managed the restaurant.
Advertising Cooperative Bookkeeping Fee ³	Optional, but if obtained, currently \$250 to \$350 per month, depending on the amount of services provided	As incurred	If a local or regional Advertising Cooperative requests we provide bookkeeping services to it, it pays us this fee.
Relocation Fee	15% of our then current Initial Franchise Fee (or, for a non-traditional location, the amount of our actual costs and expenses related to the relocation, not to exceed 15% of our then current Initial Franchise Fee)	At time of the commencement of relocation process	If you lose the right to possess the Premises, you request relocation of the Restaurant or we determine that your current location is not suitable under our standards, you may relocate to a site which meets our then-current criteria and is accepted by us. We may charge you this fee for our time and efforts in approving your new location regardless if a relocation actually occurs.
Interest on Late Payments	Not more than 1.5% on amounts due per month	As incurred	After the date that they are due, all payments you owe to us or our affiliates will bear interest of up to 1.5% per month.
Remodeling Expenses	Varies	As incurred	At our request, you must remodel, reimage, renovate, refurbish, and modernize the Premises and the Restaurant to reflect changes in the operations of Taco John's Restaurants that are prescribed and required of new Franchisees. We currently cannot estimate a range of these expenses. Material alterations will not be required more often than once every 10 years or at the time of a transfer, although maintenance and repair of the Restaurant are required on an ongoing basis.

Column 1 Name of Fee ¹	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we defend against or are held liable for claims that arise from your Restaurant operations unless your operations were in strict compliance with our Operations Manual, standards or procedures or the claims result from negligence or willful or reckless misconduct on our part or on the part of our agents.

NOTES:

1. We currently require that all fees due to us be paid directly and automatically from your bank account. Before you commence operations of your Taco John's Restaurant and as we may from time-to-time request, you must sign and deliver to us and your bank the authorization agreement for direct payments attached as Exhibit II to the Franchise Agreement and any other documents needed to permit us to debit your bank account for the fees and other payments due to us under the Franchise Agreement or otherwise. We reserve the right to require payment of fees by other similar technology now or hereafter developed.
2. "Net Sales" means the total receipts from all sales of the Restaurant, including all receipts from sales made at or away from the Premises of the Restaurant and revenue from the redemption of Taco John's gift certificates, customer loyalty rewards, gift cards and other prepaid cards, and sales through mobile ordering, delivery and catering, but does not include sales tax or equivalent taxes.
3. We are a member of the advertising cooperative for the designated marketing area in Cheyenne, Wyoming. We have controlling voting power in the Cheyenne cooperative.
4. As of the date of this Disclosure Document, we are offering the following royalty reduction incentives.

If you sign an ADA during calendar year 2024 to open five or more traditional free-standing Taco John's Restaurants, for each Restaurant opened during the first four years from the date of signing the ADA the Royalty will be reduced to 2 percent of Net Sales during the first year of operations of that Restaurant, 3 percent of Net Sales during the second year of operations, and 4 percent of Net Sales during the third year of operations. Beginning with the fourth year of operating the applicable Taco John's Restaurant and thereafter, the Royalty will be 5 percent of Net Sales.

**ITEM 7.
YOUR ESTIMATED INITIAL INVESTMENT**

Area Development Agreement

As described in Item 5 of this Disclosure Document, when you sign an ADA, you must pay a Development Fee equal to \$5,000 multiplied by the number of Taco John's Restaurants you agree to develop under the ADA. We will apply \$5,000 of the Development Fee to the Initial Franchise Fee payable under each Franchise Agreement you sign under the ADA.

The Development Fee is non-refundable under all circumstances. Except for the payment of the Development Fee and certain working capital funds that you may need to cover miscellaneous expenses to establish your business operations (which will vary greatly depending upon the circumstances of each Developer and which we are not able to estimate), no initial investment is required of you when you execute

the ADA. An initial investment will be required, however, for each Taco John's Restaurant developed under the ADA, and those amounts are set forth in the following charts. You will be required to execute the Franchise Agreement for your initial Taco John's Restaurant upon signing your ADA. You should be aware that while there are no additional requirements for working capital or additional funds that apply to you as a Developer, you will need funds sufficient for the Development Fee as described above before you execute the ADA.

Franchise Agreement

We allow you to build one of the following restaurant designs when you sign a Franchise Agreement. There is a difference in the initial investment you will incur between the designs. You may also remodel an existing building to meet our image, or place a Restaurant in a non-traditional location.

Traditional Restaurants - The freestanding traditional restaurant location has a premises size typically between 2,200 to 2,500 square feet with seating for 35 to 60. It requires a lot between 22,000 and 30,000 square feet, drive-thru capability, and space to park 20 to 30 cars.

The following chart describes your estimated initial investment to establish a freestanding traditional Taco John's Restaurant.

Column 1	Column 2	Column 3	Column 4	Column 5
Expenditures	Estimated Amount or Estimated Low-High Range	Method of Payment	When Payable	To Whom Paid
Initial Franchise Fee (1)	\$20,000 to \$25,000	Cash	In full on signing the Franchise Agreement	Us
Real Estate Purchase or Lease (2)	(See Note 2)	As arranged	As arranged	Seller or landlord
Site Preparation and Completion Costs (3)	\$250,000 to \$500,000	As arranged	As scheduled	Contractors
Construction Costs (4)	\$650,000 to \$900,000	As arranged	As scheduled	Contractors
Operating Equipment (5)	\$185,000 to \$250,000	As arranged	As arranged	Suppliers
Furniture, Fixtures and Decor (6)	\$35,000 to \$55,000	As arranged	As arranged	Suppliers
Signage and Installation (7)	\$30,000 to \$70,000	As arranged	As arranged	Manufacturers and installers
Point of Sale System (8)	\$20,000 to \$35,000	As arranged	As arranged	Suppliers
Digital Menu Boards (9)	\$35,000 to \$65,000	As arranged	As arranged	Suppliers
Initial Inventory (10)	\$15,000 to \$22,000	As arranged	As arranged	Suppliers
Grand Opening Marketing (11)	\$10,000 to \$12,000	As incurred	As arranged	Suppliers
Pre-Opening Training (Travel and Living Expenses) (12)	\$35,000 to \$45,000	As incurred	Before opening	Suppliers
Miscellaneous Opening Costs (4 and 13)	\$20,000 to \$60,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds (14)	\$25,000 to \$40,000	As incurred	As arranged	Various suppliers and providers

Column 1	Column 2	Column 3	Column 4	Column 5
Expenditures	Estimated Amount or Estimated Low-High Range	Method of Payment	When Payable	To Whom Paid
TOTAL ESTIMATED INITIAL INVESTMENT (without real estate costs) (15)	\$1,330,000 to \$2,079,000			

The endcap traditional restaurant location is typically located in a shopping mall, strip mall or alternative facility with our approval. It has a premises size typically between 1,800 to 2,200 square feet with seating for 30 to 50.

The following chart describes your estimated initial investment to establish an endcap traditional Taco John's Restaurant.

Column 1	Column 2	Column 3	Column 4	Column 5
Expenditures	Estimated Amount or Estimated Low-High Range	Method of Payment	When Payable	To Whom Paid
Initial Franchise Fee (1)	\$20,000 to \$25,000	Cash	In full on signing the Franchise Agreement	Us
Real Estate Purchase or Lease (2)	(See Note 2)	As arranged	As arranged	Seller or landlord
Leasehold Improvement Costs (4)	\$350,000 to \$650,000	As arranged	As scheduled	Contractors
Operating Equipment (5)	\$185,000 to \$254,000	As arranged	As arranged	Suppliers
Furniture, Fixtures and Decor (6)	\$35,000 to \$55,000	As arranged	As arranged	Suppliers
Signage and Installation (7)	\$20,000 to \$38,000	As arranged	As arranged	Manufacturers and installers
Point of Sale System (8)	\$20,000 to \$35,000	As arranged	As arranged	Suppliers
Digital Menu Boards (9)	\$35,000 to \$65,000	As arranged	As arranged	Suppliers
Initial Inventory (10)	\$15,000 to \$22,000	As arranged	As arranged	Suppliers
Grand Opening Marketing (11)	\$10,000 to \$12,000	As incurred	As arranged	Suppliers
Pre-Opening Training (Travel and Living Expenses) (12)	\$35,000 to \$45,000	As incurred	Before opening	Suppliers
Miscellaneous Opening Costs (4 and 13)	\$20,000 to \$60,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds (14)	\$25,000 to \$40,000	As incurred	As arranged	Various suppliers and providers
TOTAL ESTIMATED INITIAL INVESTMENT (without real estate costs) (15)	\$770,000 to \$1,301,000			

The Drive Thru Olé traditional restaurant location is a drive-thru focused building targeted for small market development. It has a premises size typically between 900 to 1,100 square feet with limited or no

seating inside. It requires a lot size between 15,000 to 25,000 square feet, drive-thru capability, and space to park 5 to 10 cars.

The following chart describes your estimated initial investment to establish a Drive Thru Olé traditional Taco John's Restaurant.

Column 1 Expenditures	Column 2 Estimated Amount or Estimated Low-High Range	Column 3 Method of Payment	Column 4 When Payable	Column 5 To Whom Paid
Initial Franchise Fee (1)	\$20,000 - \$25,000	Cash	In full upon signing the Franchise Agreement	Us
Real Estate Purchase or Lease (2)	(See Note 2)	As arranged	As arranged	Seller or Landlord
Site Work (3)	\$125,000 - \$450,000	As arranged	As scheduled	Contractors
Drive Thru Olé Manufacturing (4)	\$450,000 - \$650,000	As arranged	As arranged	Manufacturer
Operating Equipment (5)	\$175,000 - \$240,000	As arranged	As arranged	Suppliers
Furniture, Fixtures and Décor (6)	\$0	As arranged	As arranged	Suppliers
Signage & Installation (7)	\$20,000 - \$35,000	As arranged	As arranged	Manufacturers and Installers
Point of Sale System (8)	\$20,000 - \$60,000	As arranged	As arranged	Suppliers
Digital Exterior Menu Boards (9)	\$35,000 - \$65,000	As arranged	As arranged	Manufacturers and Installers
Initial Inventory (10)	\$15,000 - \$22,000	As arranged	As arranged	Suppliers
Grand Opening Marketing (11)	\$10,000 - \$12,000	As arranged	Set aside	Suppliers
Pre-Opening Training (Travel & Living Expenses) (12)	\$35,000 - \$45,000	As incurred	Before opening	Suppliers
Miscellaneous Opening Costs (13)	\$20,000 - \$60,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds (14)	\$25,000 - \$40,000	As incurred	As arranged	Various suppliers and providers
Total Estimated Initial Investment (without real estate costs) (15)	\$950,000 - \$1,704,000			

NOTES: The following notes apply to the freestanding, endcap and Drive Thru Olé traditional Restaurant models.

1. **Initial Franchise Fee.** The Initial Franchise Fee for your first traditional Taco John's Restaurant is \$25,000. If you are an existing franchisee of ours and want to open a second or subsequent traditional Taco John's Restaurant, the Initial Franchise Fee is \$20,000. If you have signed an ADA, the Initial Franchise Fee for your second and each subsequent Taco John's Restaurant that is a traditional Taco John's Restaurant will be in the reduced amount of \$20,000. The Initial Franchise Fee is non-refundable in all circumstances once paid.
2. **Real Estate Purchase or Lease.** You may either purchase or lease the land for your Restaurant. Land purchase costs generally range between \$15 and \$45 per square foot, but such costs may vary

substantially based upon the location of the site, and are generally higher in urban/suburban areas than in rural areas. Ground lease costs generally range between \$2.00 and \$5.00 per square foot per year and, as with land purchase costs, the square footage costs for ground leases may vary substantially based upon the location of the site. You should consult a real estate agent or broker, or other person experienced in real estate costs for a better estimate of your real estate costs.

3. **Site Preparation and Completion Costs.** The cost of site improvements (such as site demolition and preparation, grading, curbing, gutters, sidewalks, paving, utility extensions, site lighting, landscaping, exterior trash enclosure) will vary widely based on the condition of the site, its size, local code requirements, as well as local construction costs. The range of costs shown is for a 22,000 to 30,000 square foot site for a freestanding traditional Taco John's Restaurant and 15,000 to 25,000 square foot site for a Drive Thru Olé Taco John's Restaurant. There may be unusual costs associated with a site.
4. **Construction Costs; Leasehold Improvement Costs.** If you acquire the right to open and operate a freestanding traditional restaurant model, you will need to construct a freestanding steel or wood-frame building of approximately 2,200 to 2,500 square feet, having a synthetic exterior finish according to brand standards and commonly accepted quick service restaurant interior finishes, which may include wall murals, painting and tile. The costs for the building will vary based upon local construction costs, local codes and standards, as well as factors such as the time of year the building is constructed, the availability of a skilled work force, construction financing and other variables. In addition, you will be required to obtain various permits and licenses associated with the development and construction of a new restaurant or for improvements to an existing restaurant. These amounts are reflected in this chart as Miscellaneous Opening Costs.

If you acquire the right to open and operate an endcap restaurant model, your costs will vary greatly. The square footage of the location, the as-is condition, tenant improvement allowances from the landlord, and the type and availability of utilities and services are typically the largest monetary items affecting your leasehold improvement buildout costs. A location that previously served as a restaurant may significantly reduce these costs depending on final layout. The costs shown in the chart are estimated costs to build out space in an endcap leased location of approximately 1,800 to 2,200 square feet. You may be able to lower or even eliminate these costs if you have obtained a built-to-suit lease space, where the landlord will construct the tenant improvement and incorporate the costs of it into your monthly rent spread out over the life of the lease, or the location is "move-in-ready" space.

In the event an existing freestanding or endcap facility is being converted to a Taco John's Restaurant, construction costs are estimated to range between \$350,000 and \$750,000, but costs may vary substantially depending upon the prior use and condition of the facility.

If you acquire the right to open and operate a Drive Thru Olé restaurant model, you will need to work with our approved vendor who will build the steel building in their warehouse and ship to your restaurant location. The costs for the building will vary based upon local construction costs, local codes and standards, as well as factors such as the time of year the building is constructed, the availability of a skilled work force, construction financing and other variables. In addition, you will be required to obtain various permits and licenses associated with the development and construction of a new restaurant or for improvements to an existing restaurant. These amounts are reflected in this chart as Miscellaneous Opening Costs.

5. **Operating Equipment.** The estimate of your investment for operating equipment is based upon equipping a newly constructed facility with specified food preparation and storage, and equipment. These costs will increase if you purchase additional optional equipment for the Restaurant.
6. **Furniture, Fixtures and Décor.** This estimate is based on a freestanding or endcap Restaurant with a range of 30 to 60 seats. Your costs may differ depending on the type of facility and the location and seating capacity of your Restaurant. A Drive Thru Olé Restaurant will typically have limited or no seating.
7. **Signage and Installation.** Your investment in signage may be higher or lower depending on the size and height requirements mandated by local laws and regulations.
8. **Point of Sale System.** You must purchase a Point of Sale System from our approved supplier. The Point of Sale System includes electronic cash registers, kitchen video monitors, receipt printers, a drive-thru speed of service timing system, and headset system.
9. **Digital Menu Boards.** You must purchase digital menu boards from our approved supplier.
10. **Initial Inventory.** You must purchase all food products and supplies from distributors or suppliers that we approve, and which may include us or our affiliates.
11. **Grand Opening Marketing.** You are required to implement a grand opening local advertising and initial promotion of the Restaurant approved in advance by us. Although not required under the Franchise Agreement, we anticipate that many Franchisees will spend more than the minimum amount required to promote the opening of their Restaurants.

If you open a Restaurant in a market that is defined by us as underpenetrated, you must conduct up to a year-long grand opening advertising program that we will develop with you that will be designed to introduce Taco John's to the market. In markets defined by us as underpenetrated, the minimum required grand opening expenditure is \$25,000. An underpenetrated market is one where there is limited awareness of the Taco John's concept and minimal Taco John's advertising penetration.

12. **Pre-Opening Training (Travel and Living Expenses).** This amount includes airfare, hotel, food and transportation expenses for three people for four weeks of training in a Taco John's Restaurant we designate.
13. **Miscellaneous Opening Costs.** This estimate includes the costs of permits and fees required by local governmental rules and regulations that will be associated with your project development, site preparation and building construction. These fees include standard permitting fees, but do not include tap fees or impact fees. Many jurisdictions impose these fees. In some cases, they may be paid by your developer. It also reflects the costs for professional services you may incur for architects, engineers, attorneys and/or accountants.
14. **Additional Funds.** The disclosure laws require us to include this estimate of costs and expenses to operate your Taco John's Restaurant during the "initial period" of the business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period," so our disclosures cover a three-month period. This estimate reflects the funds you should have available to cover operating costs during the initial period as a cash reserve for incidental costs not covered by cash flow during the start-up period and that are not included in any of the above categories. These figures are estimates, and we cannot

guarantee that you will not incur additional expenses. Such operating costs may vary substantially depending upon many factors, including your management skill, experience, and business acumen, the size and location of the Restaurant, the number of persons you choose to employ and their experience and efficiency, local economic conditions, local market conditions, prevailing wage rates in your community, competition, and the sales level reached in the initial period. This item does not include the cost of any financing, interest, or the amount of debt service obligation that you may undertake.

15. **Total Estimated Initial Investment.** This amount reflects our current estimate of your initial investment for a traditional Taco John's Restaurant. The amounts shown are our best estimates of the amounts that Franchisees may spend for the purposes indicated. However, your actual costs may be higher or lower depending upon your particular circumstances including the size and/or location of the Premises of the Restaurant and whether you lease or purchase the land and/or building for the Premises, construction and labor costs in the area, your discretionary expenditures, and other factors, such as tenant allowances negotiated with the landlord, if any.

We relied on more than 55 years of experience operating Taco John's Restaurants to compile these estimates and on the information we have obtained from our current Franchisees. The estimates are averages and reflect expenses for a single Restaurant under typical circumstances. Your situation may not be typical, and unforeseen circumstances may arise. You should review these figures carefully with various business advisors before making a decision to purchase a Taco John's Restaurant franchise. You should be aware that a variety of factors such as market demand, demographics, the extent to which you follow our methods and procedures, local economic conditions and your own business experience may affect many of the described expenses. We do not offer financing directly or indirectly for any part of the initial investment.

Non-traditional Restaurant - The non-traditional restaurant is generally attached to or within another structure. It requires 675 to 2,000 square feet with seating for 0 to 50.

The following chart describes your estimated initial investment to establish a non-traditional Taco John's Restaurant.

Column 1 Expenditures	Column 2 Estimated Amount or Estimated Low-High Range	Column 3 Method of Payment	Column 4 When Payable	Column 5 To Whom Paid
Initial Franchise Fee (1)	\$10,000	Cash	In full upon signing the Franchise Agreement	Us
Real Estate Lease (2)	(See Note 2)	As arranged	As arranged	Seller or landlord
Leasehold Improvements (3)	\$125,000 to \$450,000	As arranged	As scheduled	Contractors
Operating Equipment (4)	\$175,000 to \$240,000	As arranged	As arranged	Suppliers
Furniture, Fixtures and Decor (5)	\$5,000 to \$35,000	As arranged	As arranged	Suppliers
Signage and Installation (6)	\$5,000 to \$25,000	As arranged	As arranged	Manufacturers and installers
Point of Sale System (7)	\$20,000 to \$30,000	As arranged	As arranged	Suppliers
Digital Menu Boards (8)	\$10,000 to \$12,000	As arranged	As arranged	Suppliers
Initial Inventory (9)	\$15,000 to \$22,000	As arranged	As arranged	Suppliers
Grand Opening Marketing (10)	\$5,000 to \$10,000	As incurred	Set aside	Suppliers

Column 1 Expenditures	Column 2 Estimated Amount or Estimated Low-High Range	Column 3 Method of Payment	Column 4 When Payable	Column 5 To Whom Paid
Pre-Opening Training (Travel and Living Expenses) (11)	\$32,000 to \$45,000	As incurred	Before opening	Suppliers
Miscellaneous Opening Costs (3 and 12)	\$10,000 to \$30,000	As incurred	As arranged	Governmental authorities, providers, and other third parties
Additional Funds - (13)	\$25,000 to \$40,000	As incurred	As arranged	Various suppliers and providers
TOTAL ESTIMATED INITIAL INVESTMENT (without real estate costs) (14)	\$437,000 to \$949,000			

NOTES:

1. **Initial Franchise Fee.** The Initial Franchise Fee for a non-traditional Taco John's Restaurant is currently \$10,000. The Initial Franchise Fee is non-refundable in all circumstances once paid.
2. **Real Estate Lease.** You will typically enter into a lease for your non-traditional Restaurant. Lease costs generally range between \$15.00 and \$45.00 per square foot per year but the square footage costs may vary substantially based upon the location of the site. You should consult a real estate agent or broker, or other person experienced in real estate costs for a better estimate of your real estate costs.
3. **Leasehold Improvements.** Costs vary widely, but generally range between \$125,000 and \$450,000. This estimate assumes that you will construct tenant finishes having a synthetic stucco exterior finish and commonly accepted quick service restaurant interior finishes, which may include wallpaper, painting, tile and /or wood paneling. The costs for the project will vary based upon local construction costs, local codes and standards, as well as factors such as the availability of a skilled work force, construction financing and other variables. In addition, you will be required to obtain various permits and licenses associated with the development of a new restaurant or for improvements to an existing restaurant. These amounts are reflected in this chart as Miscellaneous Opening Costs.
4. **Operating Equipment.** The estimate of your investment for operating equipment is based upon equipping a newly constructed facility with specified food preparation and storage, and equipment. These costs will increase if you purchase additional optional equipment for the Restaurant.
5. **Furniture, Fixtures and Décor.** This estimate is based on a Restaurant with a range of 0 to 50 seats. Your costs may differ depending on the type of facility and the location and seating capacity of your Restaurant.
6. **Signage and Installation.** Your investment in signage may be higher or lower depending on the size and height requirements mandated by local laws and regulations.
7. **Point of Sale System.** You must purchase a Point of Sale System from our approved supplier. The Point of Sale System includes electronic cash registers, kitchen video monitors, receipt printers,

and a drive-thru speed of service timing system and headset system if the non-traditional location has a drive-thru.

8. **Digital Menu Boards.** You must purchase digital menu boards from our approved supplier.
9. **Initial Inventory.** You must purchase all food products and supplies from distributors or suppliers that we approve, and which may include us or our affiliates.
10. **Grand Opening Marketing.** You are required to implement a grand opening local advertising and initial promotion of the Restaurant approved in advance by us. However, because non-traditional restaurants are generally attached to or located within other structures with a captive audience, the grand opening marketing and initial promotion of the Restaurant will be determined based on the specific circumstances of the location and venue.
11. **Pre-Opening Training (Travel and Living Expenses).** This amount includes airfare, hotel, food and transportation expenses for three people for four weeks of training in a Taco John's Restaurant.
12. **Miscellaneous Opening Costs.** This estimate includes the costs of permits and fees required by local governmental rules and regulations that will be associated with your project development. It also reflects the costs for professional services you may incur for architects, engineers, attorneys and/or accountants.
13. **Additional Funds.** The disclosure laws require us to include this estimate of costs and expenses to operate your Taco John's Restaurant during the "initial period" of the business, which is defined as three months or a longer period if "reasonable for the industry." We are not aware of any established longer "reasonable period," so our disclosures cover a three-month period. This estimate reflects the funds you should have available to cover operating costs during the initial period as a cash reserve for incidental costs not covered by cash flow during the start-up period and that are not included in any of the above categories. These figures are estimates, and we cannot guarantee that you will not incur additional expenses. Such operating costs may vary substantially depending upon many factors, including your management skill, experience, and business acumen, the size and location of the Restaurant, the number of persons you choose to employ and their experience and efficiency, local economic conditions, local market conditions, prevailing wage rates in your community, competition, and the sales level reached in the initial period. This item does not include the cost of any financing, interest, or the amount of debt service obligation that you may undertake.
14. **Total Estimated Initial Investment.** This amount reflects our current estimate of your initial investment for a Taco John's non-traditional Restaurant. The amounts shown are our best estimates of the amounts that Franchisees may spend for the purposes indicated. However, your actual costs may be higher or lower depending upon your particular circumstances including the size and/or location of the Premises of the Restaurant and whether you lease or purchase the land and/or building for the Premises, construction and labor costs in the area, your discretionary expenditures, and other factors, such as tenant allowances negotiated with the landlord, if any.

We relied on more than 55 years of experience operating Taco John's Restaurants to compile these estimates and on the information we have obtained from our current Franchisees. The estimates are averages and reflect expenses for a single Restaurant under typical circumstances. Your situation may not be typical, and unforeseen circumstances may arise. You should review these figures carefully with various business advisors before making a decision to purchase a Taco John's Restaurant franchise. You should be aware that a variety of factors such as market demand,

demographics, the extent to which you follow our methods and procedures, local economic conditions and your own business experience may affect many of the described expenses. We do not offer financing directly or indirectly for any part of the initial investment.

The amounts set forth in the above tables are non-refundable.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must follow our standards and specifications in operating your Taco John's Restaurant. We formulate our standards and specifications according to our expectations of price and quality on an item-by-item basis, and we generally do not issue these specifications and standards to Franchisees.

Operations Manual

We provide access to you, during the term of the franchise, one or more manuals that contain mandatory and suggested specifications, standards and operating procedures and rules, as well as information that relates to your other obligations under the Franchise Agreement and the operation of your Restaurant (the "Operations Manual"). The entire contents of the Operations Manual are confidential and will remain our property. We may add to and otherwise modify the Operations Manual if we deem it appropriate in our discretion to improve the standards of service, or product quality or the efficient operation of Taco John's Restaurants, to protect or maintain the goodwill associated with the Marks, to meet competition, or to otherwise improve or benefit the Restaurant System. We provide you the Operations Manual in electronic format via The Olé! Way online learning management system described in Items 6 and 11. The Operations Manual, as modified periodically, and mandatory specifications, standards and operating procedures and rules we prescribe periodically and communicate to you in writing, or by other electronically stored data, including through a restricted website on the Internet, will constitute provisions of the Operations Manual. All references in this Disclosure Document to the Operations Manual include the provisions of the Operations Manual and all mandatory specifications, standards and operating procedures and rules.

Since our Operations Manual is provided online, it does not have pages or page numbers. We estimated it would consist of approximately 250 pages if printed in hard copy form, and the page numbers in the Table of Contents attached to this Disclosure Document as Attachment H are based on those numbers.

The Operations Manual and other standards and specifications we provide are designed to protect our reputation and the goodwill of the Marks. They are not designed, nor are they intended, to control the day-to-day operations of your Taco John's Restaurant.

Equipment, Fixtures, Furnishings and Signs

When you develop and operate your Restaurant, you must use only the brands, types, and/or models of equipment and furniture, computer hardware and software, fixtures, furnishings, and signs that meet our standards and specifications. You may only purchase these from our approved supplier. You will be required to purchase certain types of restaurant equipment and supplies for the kitchen of the Restaurant. We approve certain manufacturers to supply you with these supplies and equipment items. We may require that you pay a fee to us or our designated suppliers for purposes of obtaining access to our learning management system or financial reporting system, and we may implement a Technology Fee to cover various technology services in the future.

Except as described above, neither we nor our affiliates will derive revenue as a result of your purchase of such items in accordance with our standards and specifications other than as described above.

Condition and Appearance of Restaurant

You must maintain the condition and appearance of the Restaurant, its equipment, furniture, fixtures, furnishings, signs, and the Premises according to our standards and consistent with the image of a Taco John's Restaurant as an efficiently operated business that offers high quality products, beverages and services and observes the highest standards of cleanliness, sanitation, efficient, courteous service and pleasant ambiance. You must meet these standards during the term of the Franchise Agreement by (i) thoroughly cleaning, repainting and redecorating the interior and exterior of the Premises at reasonable intervals, (ii) performing interior and exterior repair of the Premises (iii) repairing or replacing damaged, worn out, outdated or obsolete equipment, furniture, furnishings and signs; and (iv) engaging a pest control service on an ongoing basis that meets our specifications.

You may not make any material alterations to the Premises, or to the appearance of the Restaurant, as originally developed, without our prior approval. If you do so, we have the right, at your expense, to rectify alterations we have not previously approved. You must replace or add new equipment when we require to meet changing standards, or to accommodate new menu items, or new preparation methods, and service methods, including the manner or method used to deliver food to the guest. At our request, you must remodel, reimage, renovate, refurbish, and modernize the Premises and the Restaurant, including the building design, parking lot, landscaping, equipment, signs, interior and exterior décor items, fixtures, furnishings, trade dress, and color scheme, to meet our then-current standards, specifications, and design criteria required of new Franchisees, and including, without limitation, such structural changes, remodeling, and redecoration, and such modifications to existing improvements as may be necessary to do so, all within the time frame we require. Material alterations will not be required more often than once every 10 years, which limitation does not apply to your obligations to regularly maintain, repair, and replace the Restaurant and related property. If you do not comply with equipment or remodel requirements, you may be required to pay a non-compliance fee.

You may place or display at the Premises only the signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we approve.

Compliance with Laws and Good Business Practices

You agree to secure and maintain in force in your name all required licenses, permits, and certificates relating to the construction and operation of the Restaurant. You also agree to construct and operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations.

Some advertising materials are available without cost from the Advertising Fund (as defined in Item 11). Certain advertising materials produced by the Advertising Fund are only available for purchase from the Fund. Additional promotional materials are available for purchase directly from us or from our approved supplier.

You must participate, at your sole expense, in a guest satisfaction survey service or such other similar service that we may designate from time to time to evaluate the conduct and quality of your Restaurant, including but not limited to cleanliness, food quality, merchandising and customer service. You must use our approved providers of such services and utilize the service at a frequency and in the manner prescribed by us. We have the right to review the results of the service evaluations.

Insurance

Before you begin constructing your Restaurant, you must obtain and have in effect the following insurance coverage under policies issued by carriers of your choice whom we approve, unless we designate a required carrier for systemwide brand protection policies: (1) comprehensive public, product and automobile liability insurance against claims for personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Restaurant or your conducting business under the Franchise Agreement under one or more policies of insurance containing minimum liability coverage we prescribe from time to time; (2) general casualty insurance including fire and extended coverage, vandalism, and malicious mischief insurance for the replacement value of the Restaurant and its contents; (3) cyber liability insurance; (4) loss of business income and incident response for foodborne illness insurance; (5) employment practices liability insurance, (6) umbrella insurance, and (7) workers' compensation insurance required by your state. We may require that you carry additional insurance policies in the future.

You must maintain the policies described above in force during the entire term of the Franchise Agreement. You are required to comply with applicable state laws in obtaining sufficient coverage. We may periodically establish the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including umbrella liability insurance, to reflect inflation, additional risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances.

Currently, we require for each Restaurant location comprehensive general liability insurance coverage of at least \$1 million per occurrence and \$2 million in the aggregate, cyber liability insurance coverage of at least \$50,000, loss of business income and incident response for foodborne illness insurance coverage of at least \$1 million, and employment practices liability insurance coverage of at least \$25,000. In addition to those required coverages, you must also maintain a separate \$1 million umbrella policy for each Restaurant location. If you operate two to five Restaurants, your umbrella policy requirement is \$2 million total umbrella coverage. If you operate six to nine Restaurants, your umbrella policy requirement is \$5 million total umbrella coverage. If you operate ten or more Restaurants, your umbrella policy requirement is \$10 million total umbrella coverage.

We currently maintain the insurance coverage for loss of business income and incident response for foodborne illness, which covers our locations and each individual franchised location in the required amounts. We may designate a specific required carrier and collect your share of the premium for this insurance from you and pay it to the insurance carrier on your behalf. We may require you to obtain this insurance directly from the insurance carrier in the future.

Each insurance policy must be endorsed to name us as Additional Insured – Grantor of Franchise, and must provide for 30 days advance written notice to us of any material modification, cancellation, or expiration of the policy. Before the expiration of the term of each insurance policy, you must furnish us with a certificate of insurance evidencing coverage in the required amounts and provide an endorsement naming us as Additional Insured – Grantor of Franchise. We reserve the right to require you to send us a complete copy of each insurance policy on request, evidence of the payment of the premium for each, and copies of the Additional Insured Endorsements. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of your insurance coverage and the payment of the premiums for them, we may obtain the required insurance coverage on your behalf. If we do that, you must fully cooperate with us in our effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Restaurant which are required to obtain or maintain the insurance, and pay us for any costs and premiums we incur.

Neither we nor our affiliates will derive revenue as a result of your purchase of required insurance coverage according to our standards and specifications.

Gift Cards and Loyalty Program

You must participate in our gift card program by offering customers the ability to buy and make purchases with gift cards, using the system we specify (the “Gift Card System”). The Gift Card System is designed to work with your Point of Sale System. The Gift Card System is currently provided and managed by Bank of America Merchant Services, an unaffiliated third party supplier. Your restaurant must use the designated equipment that is purchased from approved suppliers. In addition, you must sign a participation agreement with our approved provider for transaction processing. Currently, the Advertising Fund pays for the production costs of the gift cards. We charge an annual gift card fee as described in Item 6 above, which fee is used to pay Bank of America Merchant Services for the transaction costs. You will be required to enter into our Prepaid Implementation and Boarding Form. A copy of our Prepaid Implementation and Boarding Form is attached to this Disclosure Document as Attachment J.

We require participation in our guest loyalty program, and you must participate in it in the manner we prescribe using the system we specify from time to time.

Approved Products

We have developed standards and specifications for food products, ingredients, beverages, materials, and supplies incorporated in or used in marketing, preparing, serving, packaging, and delivering prepared food and beverage products authorized for sale at Taco John’s Restaurants. We have approved and will continue to periodically approve suppliers and distributors of products that meet our standards and requirements. We will provide these standards to prospective suppliers as described below. You must purchase all food products, beverages, menus, paper and plastic products, packaging or other materials, and utensils only from distributors and other suppliers we have approved.

Collectively, the purchases and leases you will make according to our requirements, standards and specifications will represent virtually 100% of your total purchases and leases to establish, and virtually 100% of your total purchases and leases to operate your Restaurant.

Approved and Designated Suppliers and Distributors

Except as described above in this Item 8 or below, you are not required to purchase or lease from us or our designees any goods, services, supplies, fixtures, equipment, inventory or real estate relating to the establishment or operation of a Taco John’s Restaurant under the terms of the agreements described in this Disclosure Document. There are no approved suppliers in which any of our officers owns an interest.

We may approve a single supplier for many of the products and supplies you will use in your Taco John’s Restaurant.

If your Restaurant is located outside of our primary distribution area, you may be required to pay an additional delivery fee (“cross dock fee”) to the distributor.

We currently have purchasing arrangements with certain PepsiCo, Inc. subsidiaries (“Pepsi”) and Dr Pepper/Seven Up, Inc. (“Dr Pepper”) for fountain beverage ingredients and products. You are required to offer those fountain beverages in your Taco John’s Restaurant and will be generally prohibited from using other beverage products in your Restaurant.

We may negotiate other purchase agreements for the benefit of franchisees and the Restaurant System. Currently, we have a purchasing arrangement with our products and supplies distributor. You are required to purchase those products and supplies distributed by our approved distributor and its affiliates. You will enter into any and all agreements and documents required of franchisees by the approved distributor.

We may approve other suppliers for any product and may approve a single supplier only as to certain products. If we require, you must purchase from the suppliers or distributors we specify. We will identify all designated and approved suppliers in our Operations Manual or through other written or electronic communications. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Taco John's Restaurants franchised or operated by us, but we will use reasonable efforts to negotiate agreements with suppliers which, in our good faith belief, are in the best interest of all Taco John's Franchisees. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service or other criteria, and approval may be temporary, pending our continued evaluation of the supplier.

Under the Franchise Agreement, you authorize us to act as your sole agent to enter into contracts with parties that offer promotions, discounts or other programs under which you would receive rebates or marketing allowances ("Rebates") from handling items offered for sale by such parties. Except as discussed in the following two paragraphs, all Rebates will be paid to us, unless we designate otherwise. We will contribute any Rebates that are paid directly to us to the Advertising Fund described in Item 11 of this Disclosure Document to foster recognition of the Marks, brand, and retail sales of Taco John's Restaurants generally.

Our agreement with Pepsi provides that Pepsi shall pay either you or us Rebates to be used for one or more of the following: franchisee soft drink/beverage equipment, to foster recognition of the Marks, brand, and retail sales of Taco John's Restaurants generally, or paid to you. No less than 80 percent of the Rebates due from Pepsi, no matter how designated, shall be paid directly from Pepsi to you. Any amounts paid to us shall be deposited into the Advertising Fund and used to foster recognition of the Marks, brand, and retail sales of Taco John's Restaurants generally.

Similarly, our agreement with Dr Pepper provides that Dr Pepper shall pay either you or us Rebates. The amount paid to you will vary based on the total volume of syrup purchased from Dr Pepper by all Taco John's Restaurants. We deposit any funds paid to us into the Advertising Fund, which are used to foster recognition of the Marks, brand, and retail sales of Taco John's Restaurants generally.

Except as discussed above, by signing the Franchise Agreement you assign all of your right, title and interest in all Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with such contracts.

You will be required to obtain and use in your Taco John's Restaurant specific equipment related to the fountain beverage services.

If you would like to purchase any items from an unapproved supplier, you must submit to us a written request for approval of the proposed supplier. Upon receipt of your request to approve an alternate supplier, we will furnish the supplier with our relevant standards and specifications (except standards and specifications which are or include trade secrets) for suppliers of items of the type to be furnished by the proposed supplier as long as the proposed supplier agrees to execute a confidentiality agreement in a form acceptable to us. We will have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent,

certified laboratory which we designate for testing in order to determine if the proposed supplier meets our requirements for approved suppliers. We do not generally make available to our Franchisees the criteria used in approving suppliers. We will inform you of our decision to approve or disapprove a proposed supplier within a reasonable time considering the nature of the products and specifications we must review. We reserve the right to charge the proposed supplier a fee (not to exceed the reasonable cost of the inspection and the actual cost of the testing) to make the evaluation. We reserve the right to revoke our approval upon written notice to the supplier and any Franchisees purchasing from that supplier if the supplier does not continue to meet any of our criteria. The time for our approval or disapproval of a proposed supplier ranges from 60 to 90 days from the date we receive all required information about the supplier.

You may not contract with alternative suppliers who meet our criteria unless and until they are approved by us as described above.

Additional Information.

We may derive revenue from purchases or leases of inventory, supplies and equipment from any approved supplier of ours on account of their dealings with you and other franchisees. Currently, any amounts we receive as a result of purchases of products or services by Franchisees from approved vendors are delivered to the Advertising Fund, discussed in Item 11. We do not provide you or other Franchisees material benefits based on purchases from approved suppliers. We do not derive revenues from real estate leases. Neither we nor any affiliated or parent company of ours currently derives any revenues from the sale of any products or services to our franchisees, but we reserve the right to do so in the future. Neither we nor any affiliated or parent company of ours currently derive any revenue from the lease of any products or services to our franchisees, but we reserve the right to do so in the future.

Except as is described in this Item 8, you do not receive a material benefit from us based on your use of any particular designated or approved sources or your purchase of particular products or services.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Item in Disclosure Document
(a) Site selection and acquisition/ lease	Section 3.1-3.3 of Franchise Agreement.	Items 7, 8, 11 and 12
(b) Pre-opening purchases/leases	Section 3.1 - 3.5 of Franchise Agreement.	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	Article 3 of Franchise Agreement.	Items 5, 7, 8 and 11
(d) Initial and ongoing training	Article 4 of Franchise Agreement.	Items 5, 6, 7 and 11
(e) Opening	Section 3.6 of Franchise Agreement.	Item 11
(f) Fees	Article 3 and 4 of ADA, Article 9 of Franchise Agreement, Sections 6 and 7 of Non-Traditional Facility Rider.	Items 5 and 6
(g) Compliance with standards and policies/Operations Manual	Sections 5.2 and Article 10 of Franchise Agreement, Sections 8 through 11 of Non-Traditional Facility Rider.	Items 11, 14 and 16
(h) Trademarks and proprietary information	Section 2.E of ADA, Article 6 of Franchise Agreement.	Items 13 and 14

Obligation	Section in Agreement	Item in Disclosure Document
(i) Restrictions on products/services offered	Sections 10.4 and 10.5 of Franchise Agreement.	Items 8 and 16
(j) Warranty and customer service requirements	Not Applicable.	Item 16
(k) Territorial development and sales quotas	Article 4 of ADA, Article 3 of Franchise Agreement.	Item 12
(l) Ongoing product/service purchases	Section 10.5 of Franchise Agreement.	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 10.2 of Franchise Agreement.	Item 11
(n) Insurance	Section 10.8 of Franchise Agreement.	Items 7 and 8
(o) Advertising	Sections 9.3 and 9.5 and Article 11 of Franchise Agreement, Section 7 of Non-Traditional Facility Rider.	Items 6 and 11
(p) Indemnification	Section 11.B of ADA, Sections 6.5 and 7.3 of Franchise Agreement, Section 5 of Non-Traditional Facility Rider.	Item 6
(q) Owner's participation/management and staffing	Sections 2.2 and 10.7 and Article 4 of Franchise Agreement.	Item 15
(r) Records/reports	Article 12 of Franchise Agreement.	Item 6
(s) Inspections/audits	Article 13 of Franchise Agreement.	Item 6
(t) Transfer	Article 8 of ADA, Article 14 of Franchise Agreement.	Items 6 and 17
(u) Renewal	Section 2.4 of Franchise Agreement.	Item 17
(v) Post-termination obligations	Section 7.C, D, and F of ADA, Article 16 of Franchise Agreement.	Item 17
(w) Non-competition covenants	Article 9 of ADA, Sections 8.3 and 16.5 of Franchise Agreement.	Item 17
(x) Dispute resolution	Article 13 of ADA, Section 17.10 of Franchise Agreement.	Item 17
(y) Gift Cards	Sections 9.2, 9.4, 10.4, and 11.3 of Franchise Agreement.	Items 6 and 8

ITEM 10. FINANCING

Neither we nor any agent or affiliate of ours offer direct or indirect financing to our franchisees. We do not guarantee any notes, leases or other obligations of our franchisees.

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ITEM 11.
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance.

OBLIGATIONS TO BE PERFORMED BEFORE COMMENCING OPERATIONS

Area Development Agreement

If you sign an ADA, we will grant you the right to locate and develop sites to own and operate multiple Taco John's Restaurants within the Development Area so long as you are in compliance with the ADA and the Franchise Agreements previously executed pursuant to the ADA. You must execute a separate Franchise Agreement for each Restaurant to be established pursuant to the ADA. The Franchise Agreement for each Restaurant developed pursuant to the ADA will be our then current form of Franchise Agreement, as applicable, which may be substantially different from the Franchise Agreements described in this Disclosure Document. However, the Initial Franchise Fees you will pay under your Franchise Agreements will be as described in this Disclosure Document. (ADA Sections 3 and 4).

Franchise Agreement

Before you open the Restaurant, we will:

1. Restaurant Development. Accept your site; provide you with conceptual floor plans and specifications for construction, equipment, computer hardware and software, furniture, fixtures, furnishings, and signs; review your construction documents and conduct periodic inspections of the Restaurant during construction (Franchise Agreement-Article 3).
2. Training. Provide initial training for one owner and the number of managers of your Restaurant specified in the Operations Manual, as more fully described below (Franchise Agreement-Article 4).

OBLIGATIONS TO BE PERFORMED DURING OPERATIONS

Franchise Agreement

During the operation of your Restaurant, we will:

1. Guidance, Assistance and Additional Training. Provide guidance, assistance and additional training on how to operate and manage a Taco John's Restaurant as more fully described below (Franchise Agreement – Section 4.3).
2. Operations Manual. Make available to you our Operations Manual (Franchise Agreement – Section 5.2).
3. Marketing. Provide you with marketing and promotional materials as more fully described below (Franchise Agreement - Article 11).
4. Pricing. At our discretion, provide guidance and assistance to you in recommending the prices to be charged by you for the services and products provided by you. At our discretion and to the extent permitted by law, we may periodically provide specifications to you for

any maximum or minimum prices we establish to be charged by you for products and services in your Restaurant for limited time offerings or offers and items we designate for inclusion in our value programs. You must comply with the maximum and minimum pricing guidelines we establish. If we do not establish pricing limits for certain products and services, we may provide you with suggested prices for those items at our discretion. In that case, any prices that we recommend to you are merely recommendations (Franchise Agreement – Section 10.4(j)).

5. License of Marks. Permit you to use our Marks in accordance with our specifications (Franchise Agreement – Sections 2.1 and 6.2).
6. Use of Restaurant System. Permit you to use our Restaurant System, as it may be modified (Franchise Agreement – Section 2.1).

Advertising Requirements

You must use your best efforts to promote and advertise your Restaurant and you must participate in all national or special advertising and promotional programs we establish in the manner we direct.

We will maintain, and provide to you upon your written request, a list of approved advertising and promotional materials which may be used by Taco John's Franchisees. You must submit to us for our approval samples of all local advertising and promotional materials which are not on the list of approved materials before using them. If you do not receive our written disapproval within five business days after the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved.

Grand Opening Marketing

Under the Franchise Agreement, you must set aside a sum of money that you will spend for the grand opening advertising of the Restaurant. Your grand opening advertising program must be planned with the assistance of a Field Marketing Manager and be approved by us. We estimate that your grand opening marketing costs will be a minimum of \$10,000 for a traditional Taco John's Restaurant and a minimum of \$5,000 for a nontraditional Restaurant, depending upon local market circumstances. In markets defined by us as underpenetrated, you are required to spend a minimum of \$25,000. We may require you to provide us with an accounting of your grand opening expenditures within 180 days after the date the Restaurant is opened.

Advertising and Marketing Fee

By signing the Franchise Agreement, you agree to pay to the Advertising Fund, discussed below, an Advertising and Marketing Fee (the "Advertising and Marketing Fee") equal to 4% of the Net Sales of the traditional Restaurant. The Advertising and Marketing Fee for Non-traditional Restaurants is 2% of Net Sales. We will not increase this fee for traditional Restaurants before January 1, 2026, but thereafter, we may modify the Advertising and Marketing Fee for traditional Restaurants on 60 days' notice to an amount equal to the amount we charge to new Franchisees, but in no event shall the Advertising and Marketing Fee exceed 4.25% of the Net Sales. We will not increase this fee for a Non-traditional Restaurant during the initial term of your Franchise Agreement. The Advertising and Marketing Fee is payable at the same time and in the same manner as your Royalty payment. Taco John's Restaurants which we own pay Advertising and Marketing Fees on the same basis as franchised Taco John's Restaurants.

Although we try to use the Advertising and Marketing Fees to place advertising in a manner that will benefit all Taco John's Restaurants, we cannot ensure that expenditures of Advertising and Marketing Fees in or affecting any geographic area are proportionate or equivalent to Advertising and Marketing Fees paid by Taco John's Franchisees operating in that geographic area or that any Taco John's Franchisee will benefit from the placement of advertising directly or in proportion to the amounts it has paid as Advertising and Marketing Fees. Advertising and Marketing Fees paid to an Advertising Cooperative will be used for marketing and advertising programs conducted in the area where the Taco John's Restaurants owned by the members of the Advertising Cooperative are located.

Certain Franchisees whose franchise agreements are dated prior to the issuance date of this Disclosure Document pay a different amount of advertising fees than you will pay under your Franchise Agreement, and those fees may be allocated in a different manner than how fees are allocated above.

Advertising Fund

We have established an advertising fund (the "Advertising Fund" or "Fund") in which we deposit the Advertising and Marketing Fee we receive from Franchisees. We also deposit into the Advertising Fund any Rebates we receive from approved or designated suppliers from whom Franchisees purchase Products or other items.

The Advertising Fund is administered by us. Unless we have established a National Marketing Program as provided below, we will confer with an advertising production committee (the "Advertising Production Committee"), which is made up of seven Taco John's Franchisees and one of our management level employees. Five of the Franchisee members of the Advertising Production Committee are nominated by Franchisees and are elected by ballot vote to serve three years on the Committee. Two of the Franchisee members are appointed by the Board of Directors of the Association of Taco John's Franchisees, Inc. to serve three years on the Committee. The Advertising Production Committee is organized and governed pursuant to its bylaws that we approve. We may disband the Advertising Production Committee in our sole discretion. The Advertising Production Committee serves in an advisory role only. The artistic and creative aspects of advertising/marketing materials will be determined by us after conferring with the Advertising Production Committee.

The Advertising Fund is used to create and produce advertising materials that are made available to you, to other Taco John's Franchisees, and to advertising cooperatives formed by Taco John's Franchisees ("Advertising Cooperatives"), as they may exist from time to time. We or our advertising agency may charge a fee for any advertising materials acquired by a Franchisee or Advertising Cooperative.

The funds in the Advertising Fund are spent to foster recognition and promotion of the Marks, the brand, and retail sales of Taco John's Restaurants, generally, and to pay for the development, support, and dissemination of marketing materials and programs. Materials produced using the Advertising Fund may include television and radio spots, newspaper and billboard displays, freestanding inserts ("FSI") and flyers, signs, menus, menu boards, email or other social media campaigns, digital displays, and visual displays. We may use a variety of sources for advertising materials including in-house and regional or national advertising agencies.

In the year ended December 31, 2023, the Advertising Fund was allocated to advertising production costs (99%) and administrative expenses (1%). No part of the Advertising Fund was used to solicit the sale of Taco John's franchises; however, a toll-free number for franchise sales information occasionally appears on marketing materials provided for retail promotions. Neither we nor our affiliates receive payment for any goods or services we or they provide to the Advertising Fund. If fees that were collected in a particular year are not entirely spent in that year, the balance is carried over to the Advertising Fund's budget for the

following year. An annual audited statement of monies collected and expended by the Advertising Fund will be made available to you on written request.

We may in the future establish a program for national, regional, or local media placement, digital advertising, and national advertising (the “National Marketing Program”). If we create a National Marketing Program, we may also use some or all of the Advertising Fund to support it. At that time, the Advertising Production Committee will be disbanded, and the functions of that committee shall become the responsibility of a National Marketing Program advisory committee (the “National Marketing Program Advisory Committee”). We currently do not have any standards for a National Marketing Program or for a National Marketing Program Advisory Committee. We will provide you at least six months’ advance notice of the establishment of a National Marketing Program.

Advertising Cooperatives

We reserve the right to establish and require your participation in either a local or regional Advertising Cooperative at our sole discretion (each an Advertising Cooperative). If we require you to join a local Advertising Cooperative, it will consist of Franchisees in your Designated Market Area (“DMA”) or such other contiguous areas determined by us, in our sole discretion, to be appropriate in your market area. Currently, a DMA is determined by the A.C. Nielsen Company’s Nielsen Station Index and is defined as “generally a group of counties in which the commercial TV stations in the Metro/Central area achieve the largest audience share.” We may change how the DMA is established based on changes in the advertising industry.

If we require you to join a regional Advertising Cooperative, we will designate the market areas included within the regional Advertising Cooperative. We may change your assignment to an Advertising Cooperative in our sole discretion. We will provide you at least six months’ advance notice of any change in your assignment to an Advertising Cooperative.

We require that every local or regional Advertising Cooperative be legally incorporated, and as a corporation, each Advertising Cooperative must operate under bylaws that we approve. We will provide model bylaws to all Advertising Cooperatives. We may dissolve an Advertising Cooperative or change the structure and/or function of an Advertising Cooperative. If we establish a National Marketing Program, we will confer with the National Marketing Program Advisory Committee comprised of franchisees and our representatives, and the committee will operate under guidelines established by us.

Franchisees assigned to a local or regional Advertising Cooperative shall elect officers of their Advertising Cooperatives, and these officers are responsible for administration of the Advertising Cooperative and the expenditure of funds contributed to the Advertising Cooperative. We require that at a minimum, a President and Treasurer for each Advertising Cooperative be elected. We may require the Advertising Cooperative to delegate the daily administration of the Advertising Cooperative to an advertising agency, media buyer, or other professional marketing services provider.

If you are required to join a local or regional Advertising Cooperative, then the Fund will contribute to your Advertising Cooperative monthly an amount equal to the lesser of the amount you have paid toward your Advertising and Marketing Fee or 2.85% of your total Net Sales (or 1% for non-traditional facility franchisees) to be used for media placement in your DMA. An Advertising Cooperative may determine, by a vote of its members, to collect additional advertising fees for use by the Advertising Cooperative on approved advertising and marketing programs, although non-traditional locations are not required to contribute to an Advertising Cooperative. Advertising Cooperatives are also required to prepare annual financial statements and to present these to its members (or prospective members) and to us upon request.

If we establish a National Marketing Program, it may replace any local and regional Advertising Cooperatives.

Local Advertising

You are permitted to use advertising and promotional materials you develop and to conduct independent local promotions so long as you obtain our prior written consent to do so. You must submit to us for our approval any advertising and promotional materials you develop at least 10 days before you use those materials.

If you are operating a traditional Taco John's Restaurant and are not in an Advertising Cooperative, you will be required, at your expense, to conduct local advertising within your DMA using one of our approved media buyers. In that event, the Advertising Fund will pay 2.85% of your Net Sales to your media buyer to be applied toward the media buyer's fees and the costs of your local advertising program developed by the media buyer. You must be current on paying us your Advertising and Marketing Fee or we may withhold amounts paid to your media buyer, in which case you will be responsible for all amounts due to the media buyer. We will not pay any amounts from the Advertising Fund to your media buyer if you are in an Advertising Cooperative or if you operate a non-traditional Restaurant.

We do not reimburse food cost for coupons redeemed at your restaurant.

Websites and Social Media

We consider presence on the Internet, as it may evolve over time, including websites and social platforms, to be advertising and subject to our review and written approval before use in connection with the Restaurant. As used in the Franchise Agreement, the term Internet includes, but is not limited to, what are today known as World Wide Web home pages and social platforms. However, these types of global electronic communications evolve and change over time and such changes are intended to be included within the reasonable intent of this clause. Collectively, and for ease of reference, the term "Internet presence" will encompass the current Internet, along with websites and social platforms, and future similar concepts. If we permit you to have an independent Internet presence, then the following requirements will apply: (1) You may not establish or use the Internet presence without our prior written approval; (2) before establishing any Internet presence, you must submit to us for our written approval, a proposal in the form, manner and containing the content that we may reasonably require, including in the case of a website, the domain name, format and visible and non-visible content (including meta-tags); and if you propose any material revision to the website or any of the information contained in the website, you must submit the revisions to us for our prior written approval; (3) you must establish hyperlinks to our website and others as we may require from time to time; and (4) you must properly use our Marks on the website.

We may revoke our approval of the Internet presence at any time and require you to discontinue using it. We may, in the future, restrict any Internet presence to web pages on our Taco John's website or other similar Internet presence as the same may evolve. In such event, you will be required, at your own expense, to convert your website to the format we reasonably specify.

Electronic Cash Register/Point of Sale System

You must purchase, from our approved vendor, and install the specific electronic cash register, kitchen video monitors, receipt printers, drive-thru speed of service timing system, and headset system (collectively, the "Point of Sale System") we specify from time to time. You must also purchase and install the required computer hardware, software, internet connections and service, and other computer-related accessories, peripherals and equipment necessary to support the Point of Sale System-, mobile ordering and

delivery platforms that utilize geofencing services, firewall and security service, and the required back of house information system we specify from time to time (collectively, with the Point of Sale System, the “Computer System”). The cost of the Point of Sale System is estimated to be between \$20,000 and \$35,000. The cost of the back of house information system is \$140 per month. While we currently do not have a Taco John’s e-mail address system for franchisees, if we create a Taco John’s e-mail system, we may require you to use the e-mail address we designate for your business.

Your Computer System must be set up in accordance with our specifications, have the capability to process credit and debit card payments, comply with PCI DSS (as defined below), be able to receive sales from mobile ordering, third-party delivery, and catering, be able to record all sales information in connection with the Restaurant, and be able to comply with your reporting requirements to us. We may require you to upgrade, at your expense, any part or all of the Computer System when deemed necessary by us.

You understand and agree that we have full rights and access to the information and data stored in your Point of Sale System.

We may revise our specifications for the Point of Sale System from time to time as we determine reasonably necessary. We may also change the required Point of Sale System and all other elements of the Computer System from time to time in our discretion, and you will be required to acquire any updated system at your sole expense. Consequently, you may be required to upgrade or update your equipment. There are no contractual limitations on the frequency or cost of this obligation. We cannot estimate the cost of maintaining, updating or upgrading your Computer System or its components because it will depend on your repair history, local costs of computer maintenance services in your area and technological advances we cannot predict at this time. If you do not comply with technology or equipment requirements, you may be required to pay a non-compliance fee.

We may in the future, upon 180 days’ notice, implement and require use of a financial reporting system that allows for automatic delivery of reports of your Net Sales and other data to us, in which case we or our approved third party vendor may charge you a fee for use of that service. The amount of the fee will be determined if and when the fee is implemented.

You must accept credit and debit cards from customers of your Taco John’s Restaurant. You shall not charge customers any additional fees or service charges if they elect to use a credit card or debit card for payment of any services or products provided in your Taco John’s Restaurant. The Payment Card Industry (“PCI”) requires all companies that process, store, or transmit credit or debit card information to protect the cardholders’ information by complying with the PCI Data Security Standard (“PCI DSS”). Therefore, you must be PCI compliant by following and adhering to the then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of your Franchise Agreement. PCI mandates the PCI DSS compliance.

We currently have an online learning management system, which we call The Olé! Way, which you may access to obtain information on various aspects of the operation of a Taco John’s Restaurant, including the Operations Manual. You will enter into any and all agreements and documents required of our vendor for this online system and pay to us or the vendor of this system, as we direct, the Online Learning Management System Fee of \$240 per year. We have no obligation to maintain this system and intranet site indefinitely. We can, after 60 days’ advance written notice to you, remove this site and system entirely, and require you to subscribe, at your sole cost and expense, to a service or provider we designate to obtain access this or similar information, including the Operations Manual.

We may in the future establish a Technology Fee as described in Item 6 for further development of technology provided by or for us.

Site Selection

Under the Franchise Agreement, including each Franchise Agreement signed under an ADA, you must locate, within 180 days after the date of the Franchise Agreement, a site that is acceptable to us for the operation of a Taco John's Restaurant (a "Proposed Site"). When you locate a site which you believe in good faith to be suitable for development as a Taco John's Restaurant, you will submit to us complete site documentation that we specify. We will use reasonable efforts to evaluate and accept or reject a Proposed Site within 30 days after we receive complete site documentation in our required form and any other information about the site and its development that we may reasonably request. We will not unreasonably withhold acceptance of sites that meet our minimum standards for general location, physical and demographic characteristics of the market or sub-market, traffic pattern, parking, restaurant competition, proximity of other businesses (including other Taco John's Restaurants), the nature of other businesses in proximity to the site, layout and other physical characteristics, development costs, rental, lease duration and other lease terms and conditions for the Taco John's Restaurant.

You may not execute a lease or purchase contract for a Proposed Site until you have provided us a copy of that document, and we have accepted that site and document in writing. An "Accepted Site" is a Proposed Site for which you have submitted to us a complete site report and any other information we require for development of your Taco John's Restaurant that we request in writing. Our acceptance of a site is not a representation or warranty, express or implied, that the Proposed Site is suitable for a Taco John's Restaurant or for any other purpose. Upon execution of the Franchise Agreement you may begin proposing locations immediately. We cannot estimate the time it will take you to secure an Accepted Site, but the time it takes you may depend on many factors including the local market and suitability of existing buildings. If you are unable to locate an Accepted Site within the specified time, we may terminate the Franchise Agreement.

Upon our acceptance of a Proposed Site for your Restaurant, you agree to attempt to obtain lawful possession of the Accepted Site through purchase or lease. Any proposed lease, sublease or purchase contract for an Accepted Site must be reviewed and accepted by us in writing prior to its execution. You agree to give us at least 30 days written notice including a copy of the proposed lease or purchase agreement for the Accepted Site before you execute the document for an Accepted Site. We may provide you with suggestions and recommendations concerning the terms and conditions of the lease or purchase agreement. It ultimately is your responsibility, however, to negotiate and accept the final terms of these documents. Our involvement in the review and approval of the lease or purchase agreement for the Accepted Site does not constitute a recommendation, endorsement or guarantee by us of the suitability or profitability of the location or the lease or purchase agreement, and you will need to take any additional steps necessary to ascertain whether such location and documentation are acceptable to you, which may include engaging your own legal counsel.

Time for Commencement of Operations

We estimate the typical length of time between the signing of the Franchise Agreement and the opening of your Taco John's Restaurant will be approximately 6 to 18 months. Some factors which may affect this timing are pre-existing obligations, completion of your training, the time to acquire and build out your Restaurant location, and your ability to secure financing. You must open your Restaurant for business within the earlier of: (i) 180 days after receiving your building permits for the Accepted Site, or (ii) 10 days after obtaining the Certificate of Occupancy for the Restaurant, and in any event within 18 months after the signing of the Franchise Agreement.

You must continue to actively operate your Taco John's Restaurant in accordance with the Operations Manual and Restaurant System after you have commenced operations.

Training

Area Development Agreement

We do not provide initial or additional training programs under the ADA. However, you will have training requirements as a Franchisee as described below.

Franchise Agreement

Owner Training Program. We may, at our discretion, require a franchise owner to complete up to one week in a franchise ownership, business management, and operations training program (the "Owner Training Program" or "OTP"). If required, the OTP will occur prior to the Management Training Program, described below. You must pay all expenses incurred by any owners of the restaurant in connection with attending the OTP. However, we do not charge a fee for the OTP. This program will be conducted in a Restaurant at the time and location we designate.

Initial Training. We will provide an initial training program in the operation of a Taco John's Restaurant that will be available to a limited number of Restaurant managers (Franchise Agreement - Section 4). Before the Restaurant opens for business, one owner, or if the owner is not an individual, the person designated by the owner to assume primary operational responsibility for the Restaurant ("Designated Principal"), and additional required managers must attend the Management Training Program at the time and location we designate. If you operate multiple Taco John's Restaurants, we may require you to have members of your management team who oversee multiple Restaurant locations (each an "Above Store Leader"), and members of your management team who supervise sales activity for two or more Restaurants (each a "District Manager"), attend additional training. If you are a new franchisee or you open a new restaurant in an underpenetrated market, we may require you and your managers to attend additional training for up to three weeks. If the Owner or Designated Principal will not have primary operating responsibilities, then the required number of managers we specify in the Operations Manual must attend training and become certified as Active Certified Managers in addition to the Owner or Designated Principal. You must pay all expenses incurred by any owners and/or manager(s) of the Restaurant in connection with attendance at the Management Training Program. All persons who complete the Management Training Program will be designated an Active Certified Manager, as defined below. We do not charge a fee for the Management Training Program, but you will be required to pay a fee for the food safety program and certification provided by a third party licensed to teach food safety-that we approve. If you elect to train additional managers, there may be an additional fee. We pay no compensation to you or your employees while in training. You may not recruit or hire any employee of ours without advance written permission.

The Management Training Program for Taco John's includes instructions on guest service, operating and maintaining equipment, preparing Taco John's food, food safety techniques, food purchasing and food cost analysis, business management, personnel management, and other details and procedures for operating a Taco John's Restaurant. The four-week Management Training Program is a hands-on training course that is conducted in a Restaurant at the location and time we designate, with other training provided online. Your Franchise Training Consultant or Franchise Business Consultant oversees and coordinates the four-week training course.

The training program described in the chart below is conducted under the supervision of Mark Kocer, our Chief Operating Officer. Mr. Kocer has over 30 years of experience in restaurant operations and training. He became employed by us in October 2022. The instructional materials consist of our Operations Manual, the Management Training Program Course, and our online Learning Management System, available on The Olé! Way (monthly subscription required). The Olé! Way contains orientation training, job station training, and four levels of management development, including certified trainer, shift supervisor, certified manager, and advanced management training. Training content is delivered through test-based modules, videos, games, and simulation models.

MANAGEMENT TRAINING PROGRAM

Subject	Hours of Web-based Training¹	Hours of On-the-Job Training²	Location
Food Safety Certification	8 hours		Prior to Training in a Taco John's Restaurant we designate
Orientation, Guest Service and Station Training Program	10 hours	10 days (90 hours); see schedule below	A Taco John's Restaurant we designate
Shift Supervision Training	5 hours	5 days (45 hours)	A Taco John's Restaurant we designate
Management Training	5 hours	5 days (45 hours)	A Taco John's Restaurant we designate
Totals	28 hours	20 days (180 hours)	Total Training 4 weeks

¹ The training identified here as classroom training is conducted online

² The on-the-job Management Training Program shall consist of the following topics:

Week 1:

Review of the Taco John's Operations Manual.

Team member orientation and job station training. Job stations include fry station, recipe preparation, menu assembly, and cashier.

Satisfactory completion of job station quizzes is required.

Management Training:

Manager walks, guest service, crew development, portion control, dating procedures and First In First Out ("FIFO"), Food Quality and Temperature ("FQT") Logs, daily prep guide, drive-thru timer, rotation log and waste control.

At the end of Week 1, a weekly appraisal is provided to the Manager in Training and an Action Plan is created for Week 2.

Week 2:

Learn all aspects related to team member training in guest service. Work on the cook line to become more familiar with food preparation. Introduction to team member training in guest ordering. Introduction to team member opening and closing duties.

Management Training:

Store opening and closing management duties, shift change procedures, pre-shift meetings, and steps to creating great guest service.

Tests given: Relevant abbreviations, and test on full menu item assembly.
Continue review of Taco John's Operations Manual.

At the end of Week 2, a weekly appraisal is provided to the Manager in Training and an Action Plan is created for Week 3.

Week 3:

Finish review of team member guest service duties. Finish review of all team member job stations.

Management Training:

Shadow and assist with managing all shifts, complete all opening and closing management functions (paperwork, reports and operations), learn processes relating to marketing calendar and Point of Purchase materials ("POP"), receiving and storage, inventory, food cost and quality control, team member scheduling, training and management development.

Test on full menu item assembly.
Finish reading Taco John's Operations Manual.

At the end of Week 3, a written appraisal is provided to the Manager in Training and an Action Plan is created for Week 4.

Week 4:

Management Training:

Manager on Duty responsibilities for all shifts. (Training Manager on site to support.)
Manager in Training Performance Appraisal.
Personnel management.
Cash management.
In-store marketing execution.

A final Performance Assessment is given to the Manager in Training at the end of Week 4.

The owner, or if applicable, the Designated Principal and manager(s) of the Restaurant must complete the entire four-week training course and meet our standard certification requirements. (A person who has met our standard certification requirements or has completed the Management Training Program and works regularly in the Restaurant is referred to as an "Active Certified Manager.") If the owner or the manager(s) fails to complete the training program or is not certified, we will allow another owner or manager, as applicable, to attend training, provided he or she completes our training program and becomes an Active Certified Manager. You will not be allowed to open your new Restaurant until you have the required number of Active Certified Managers on staff, one of which may be you or your Designated Principal.

For your first Restaurant opening, we will provide, at our expense, a minimum of one Taco John's Operations or Training Team Member who will, for up to eight days (which may or may not be consecutive days), assist you and/or your managers with the pre-opening and post-opening of the Restaurant, provided you have notified us in writing of your request no less than 30 days prior to the scheduled opening of the Restaurant. For the second and subsequent Restaurants you open we will provide, at our expense, a minimum of one Taco John's Operations or Training Team Member to assist with opening and initial operation for up to three days (which may or may not be consecutive days). If your scheduled opening date is delayed for any reason, you may be required to pay a delayed opening fee.

Your Active Certified Managers will provide on-the-job training to your team members immediately before your Restaurant is opened. This on-site team member training is 3-4 days in length, taught by your newly certified managers. The on-site training will only be conducted after the Restaurant's construction is completed and a certificate of occupancy has been issued.

Maintaining Active Certified Managers. After opening your Restaurant, you must maintain the number of Active Certified Managers we specify in the Operations Manual. The process to replace an Active Certified Manager is described below.

The requirements to become a replacement Active Certified Manager are as follows: a score of 75% or higher on the food safety certification course/exam, a score of 80% or higher on each of the guest service class/exam, the development class/exam, the operations class/exam, and the Taco John's standards test. If a replacement or additional manager needs to be certified, we offer the classes through our online management certification program.

You may obtain food safety certification from a third party licensed to teach food safety that we approve. We do not provide this training, and you will be required to pay the fees associated with that training to the third party provider. You will need to complete the guest service class, the development class, the operations class, and the Taco John's standards test using a web-based certification program, provided you have high-speed internet access.

Additional Training Support.

As described in Item 6, in exchange for the fee of \$240 per year currently paid to us or our third party online vendor, we will provide you with access to our online learning management system, currently called The Olé! Way, which includes ongoing training programs in webinar and other formats, and training materials for you and your employees. This system also provides you access to our Operations Manual.

We may require your management team members to attend additional training programs, including both training that we may require on a system-wide basis and training only for you or a limited number of franchisees in situations where we determine that you or any of your managers are not meeting our standards. We may also conduct ongoing on-site training for some or all franchisees at their Restaurant locations on a rotating basis or as we otherwise deem appropriate. In addition, from time to time we may also offer optional training programs and seminars at various locations. Some of these programs may be offered via The Olé! Way online learning management system, while others may require in-person attendance or participation. You must pay all expenses incurred by managers in connection with attendance at such training programs. We may charge a fee for the optional training programs. Additional in-store training is available upon request by a Franchisee at our current rate.

We require you (or at least one of your owners if the Franchisee is an entity) to attend any convention or system-wide meeting of franchisees (collectively referred to as "Franchisee Convention"). You will be responsible to pay any registration fee and all costs of travel, accommodations, wages (if your employees attend), and any other expenses associated with attendance. If you employ a multi-unit manager, that individual may attend the Franchisee Convention in your place. We reserve the right to charge you a non-attendance fee, at our sole discretion, which shall not be more than the announced attendance fee.

Not less than 60 days prior to the opening date of a Franchisee Convention, you may submit a written request to us for a waiver of this requirement based on your specific circumstances. We will use our best business judgment to determine whether to approve the request.

All training programs are provided to protect our brand and the Marks and not to control the day-to-day operation of your Taco John's Restaurant.

ITEM 12. TERRITORY

Area Development Agreement

Under the ADA, you will have the right to locate multiple sites to develop and operate a specified number of Taco John's Restaurants within a specified geographic territory (referred to in those sections of this Disclosure Document which describe the terms of the ADA as the "Development Area"). A description of the Development Area will be inserted into the ADA before it is executed. Development Areas will typically consist of a trade area located in a demographic market area and may vary in size depending upon the population concentration in the demographic market area and the number of Taco John's Restaurants to be developed.

So long as you have complied with all of the terms and conditions of the ADA, we will not, except with your written permission, during the term of the ADA, operate or grant a franchise or development rights for anyone else to develop and/or operate any Taco John's Restaurant located within the Development Area, except for those franchises granted to you under the ADA. Nothing in the ADA prevents, prohibits, or otherwise restricts at any time the operation of any Taco John's Restaurants in the Development Area which are operated under any existing franchise agreements, or the renewal of franchise rights related to such existing franchise agreements. Further, a delivery of goods, whether by a third-party delivery service or otherwise, to a customer located within your Development Area from any Taco John's Restaurant, is not a violation of your Development Area rights.

The Development Area may not be changed during the term of the ADA except by mutual written consent. You must obtain our acceptance of the proposed site for each of the Restaurants to be opened under the ADA. You will be required to comply with our then-current criteria and standards in selecting each proposed site. The Protected Territory, as defined below, for each Taco John's Restaurant opened pursuant to an ADA will be specified in each Franchise Agreement for that Taco John's Restaurant based on the accepted site and our then-current standards for the establishment of Protected Territories.

To maintain your rights to the Development Area, you must have open and operating the cumulative number of Taco John's Restaurants by the dates set out in the Development Schedule, which is attached as an exhibit to the ADA. We will not typically grant development rights unless you agree to develop three or more Taco John's Restaurants within a Development Area within a 24 to 36 month period. If you request an extension to the Development Schedule and we agree to grant that extension, you may be charged a non-refundable extension fee as set forth in the ADA for each Restaurant that is granted an extension. Other than as described above, your rights with respect to the Development Area during the term of the ADA are not dependent on the achievement of minimum sales quotas, market penetration, or other such contingencies. The Development Area may not be changed during the term of the ADA except by mutual written consent.

Franchise Agreement

Premises.

The Franchise Agreement will grant you the right to operate a Taco John's Restaurant at a specific location, defined in this Disclosure Document as the "Premises." Provided that you are in substantial compliance with the provisions of the Franchise Agreement, if you lose the right to possession of the

Premises through no fault on your part or if the Premises are destroyed, condemned or otherwise rendered unusable, or if you request the relocation of your Restaurant and, in our reasonable judgment, the existing site for the Restaurant does not meet our then-current standards and specifications for sites for Taco John's Restaurants, we will grant permission for the relocation of the Restaurant to an alternate location and site which meets our then-current site criteria for Taco John's Restaurants and is accepted by us. If we agree on the relocation of the Restaurant, you agree to expeditiously develop the accepted site in compliance with our then-current specifications and requirements for Taco John's Restaurants, all at your sole cost and expense, and to open the relocated Restaurant within 150 days after receiving our permission to relocate, unless otherwise agreed to by us. You agree to de-identify, to our standards, the vacated location within 30 days of relocation. You will pay us a relocation fee equal to 15 percent of our then current Initial Franchise Fee at the time the relocation process commences. The relocation fee is due whether or not a relocation actually occurs and is nonrefundable once paid.

Protected Territory.

The Franchise Agreement designates a territory in which you will have certain rights (the "Protected Territory"). The size and dimensions of the Protected Territory will depend on the specific market variables of the Premises, including demographics, density, market and development trends, traffic flow, and natural manmade boundaries. A non-traditional Restaurant does not have a Protected Territory, and non-traditional Restaurants may be located in the Protected Territory of another Taco John's Restaurant, as discussed below.

Except as described in this Item 12, we will not establish, operate, or grant a franchise for the operation of a Taco John's Restaurant within the Protected Territory as long as you are in substantial compliance with all the provisions of the Franchise Agreement. However, a delivery of goods, whether by a third party delivery service or otherwise, to a customer located within your Protected Territory from a Taco John's Restaurant located outside of your Protected Territory is not a violation of your Protected Territory rights. In addition, we will not allow the distribution of products under the Marks through a retail outlet located in your Protected Territory unless we receive the approval of the majority of the Franchisees in whose Protected Territories such retail outlets are located. However, we retain all other rights in your Protected Territory including the right to distribute in other channels of distribution (except retail outlets as described above) and to distribute goods under similar or different marks, including through non-traditional Restaurants.

You must offer delivery services from your Restaurant to customers located in your Protected Territory, if third party delivery services are available in your Protected Territory. You may also offer delivery services from your Restaurant to customers located outside of your Protected Territory, even if the location of the customer is in the protected territory of another franchisee. Similarly, another franchisee may offer delivery services from its Restaurant to customers located in your Protected Territory. We may in the future require you to participate in catering programs, where available, through online catering platforms.

In the event (1) we or a Prospective Franchisee desires to locate, open and operate a Taco John's Restaurant, other than a Restaurant in a non-traditional location (discussed below), within two (2) miles outside the boundary of your Protected Territory ("Right of First Refusal Area"); or (2) we or a Prospective Franchisee desires to locate, open and operate an Affiliated Business (as defined in Section 2.3 of the Franchise Agreement), other than in a non-traditional location, within your Protected Territory, then we will first offer you the right to locate, acquire and operate a Taco John's Restaurant in the Right of First Refusal Area under the terms and conditions of our then-current Franchise Agreement for a Taco John's Restaurant or in your Protected Territory for an Affiliated Business. You will have 30 days after notice is given to you in which to accept the offer by signing our then current Franchise Agreement and paying the

then current Initial Franchise Fee in full. If you do sign our then current Franchise Agreement and pay the then current franchise fee in full, you will have 120 days to bring an acceptable site to us in accordance with our then current requirements. If you fail to meet this requirement, we will be entitled to operate or grant a franchise for the operation of a Taco John's Restaurant or an Affiliated Business, as applicable, in the applicable area, and you will have no right to prevent or prohibit us from operating or granting a franchise for a Taco John's Restaurant or an Affiliated Business in the applicable area in the future. Our obligation to make the offers described above is subject to the condition that you are in substantial compliance with all of the provisions of the Franchise Agreement.

In the event that you and another Taco John's franchisee have overlapping Right of First Refusal Areas, then you and the other franchisee will each be given consecutive 30-day periods in which to exercise your respective rights of first option. The franchisee whose Taco John's Restaurant began operating first shall have the first 30-day period. If that franchisee does not exercise its rights by signing a Franchise Agreement by the end of that 30-day period, then the second franchisee shall have the next 30-day period in which to exercise its right of first refusal. If neither you nor the other franchisee signs a Franchise Agreement during the applicable time period, we will be entitled to proceed to operate or grant a franchise in the applicable area as described above.

We also may operate or grant licenses to others to operate Taco John's Restaurants in non-traditional locations that may be within your Protected Territory or Right of First Refusal Area without providing any rights or compensation to you. Non-traditional locations are defined as venues or facilities where the primary purpose of the consumer's visit is typically for reasons other than the purchase of goods from a Taco John's Restaurant. Examples include airports and other transportation hubs, hospitals, college campuses and other educational facilities, convention centers, grocery stores, department stores, "big box" retail centers, sports arenas and stadiums, hotels and office buildings, military installations (Army and Air Force Exchange Services), and food courts, without regard to location. As a result, your Protected Territory is not considered an exclusive territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We do not pay compensation for soliciting or accepting orders inside your Protected Territory. Subject to you complying with the advertising requirements set forth in the Franchise Agreement and elsewhere in this Disclosure Document, you are not restricted from soliciting or accepting orders from customers outside of your Protected Territory. As of the issuance date of this Disclosure Document we do not currently sell anything directly to customers of your Taco John's Restaurant.

Except as described above, we retain all rights with respect to Taco John's Restaurants, the Marks, and the Restaurant System. Your rights in the Protected Territory will not be dependent upon the achievement of minimum sales quotas, market penetration or other such contingencies. Your Protected Territory may not be changed except by mutual written consent. Except as described above, you do not receive any options, rights of first refusal or other similar rights to acquire additional franchises in any territory or contiguous territories. Neither we nor any affiliate of ours currently operates, franchises, or plans to operate or franchise a business under a different trademark and that sells or will sell goods or services similar to those you will offer, although there are no restrictions from us or any affiliate of ours from doing so in the future.

ITEM 13. TRADEMARKS

The ADA does not grant any rights to use the Marks (defined below). Rights to use the Marks are granted solely under the Franchise Agreement which grants you the right to operate your Restaurant at a specific location under the mark “TACO JOHN’S®” and under any other trademarks, trade names, service marks, logotypes and commercial symbols which we may designate (the “Marks”).

Our affiliate, SS, LLC, owns all right, title and interest in and to the Marks. Under a license agreement we entered into with TJS on December 7, 1995 that was assumed by SS, LLC (the “License Agreement”), we have the worldwide non-exclusive license to use the Marks and certain unique proprietary confidential information, consisting of formulas, recipes, specifications and procedures for various Mexican food products sold from Taco John’s Restaurants and any other franchise or license we may offer that sells products under the Marks (the “Trade Secrets”) and the worldwide exclusive license to sublicense the Marks and the Trade Secrets in connection with the sale of our franchises. Under the terms of the License Agreement, we must pay SS, LLC a royalty as set forth in the License Agreement. The License Agreement will expire on May 15, 2095, but may be terminated by either party upon the default of the other party or by written agreement signed by both parties.

Under the Franchise Agreement, we will grant you the nonexclusive right to use the Marks. SS, LLC owns the registration of the following principal Marks that were registered by TJS on the Principal Register of the United States Patent and Trademark Office and subsequently assigned to SS, LLC, as follows:

Mark	Registration Date	Registration Number
TACO JOHN’S	April 4, 1978	1,088,950
TACO JOHN’S	October 9, 1990	1,617,184
TACO JOHN’S	December 11, 1990	1,627,389
Potato Olés	October 3, 1995	1,923,888

The registrations of the Taco John’s® marks have been renewed. We intend to further renew the registrations of some or all of these Marks at the appropriate time. TJS has filed all affidavits of use required to be filed when due, and SS, LLC will submit timely renewal applications when due. We and SS, LLC may apply for the registration of additional Marks in the future.

In addition to those Marks listed above, we claim common law service or trademark rights to a number of other words, phrases, or designs that you may use in your Taco John’s Restaurant. The following statements apply solely to any unregistered trademarks and service marks: We do not have a federal registration for these principal trademarks. Therefore, these trademarks do not have as many legal benefits and rights as federally registered trademarks. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

To our knowledge there are no infringing uses which could materially affect your use of the Marks. There are no currently effective determinations of the PTO, the trademark administrator of any state or any court, or any pending interference, opposition or cancellation proceedings, or any pending material litigation involving the Marks.

Other than the License Agreement described above, there are no agreements currently in effect which would limit our rights to use or license the use of the Marks in any manner material to you.

Your Obligations Regarding the Marks

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your operation of the Taco John's Restaurant in compliance with the Franchise Agreement and all standards, specifications, and operating procedures we prescribe during the term of the franchise. Any unauthorized use of the Marks will constitute a breach of the Franchise Agreement and an infringement of our and SS, LLC's rights in and to the Marks. All your usage of the Marks and any goodwill established by your use will benefit us and SS, LLC exclusively. The Franchise Agreement does not confer any goodwill or other interests in the Marks on you, other than the right to operate a Taco John's Restaurant in compliance with the Franchise Agreement. All provisions of the Franchise Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork and logos we may authorize you to use during the term of the Franchise Agreement.

You must use the Marks as the sole trade identification of the Restaurant, except you must display at the Restaurant a notice, in the form we prescribe, which states that you are the independent owner of the franchise under a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under the Franchise Agreement), or in any modified form, and you may not use any Mark or any name or symbol similar to the Marks, in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Restaurant, on menus and in connection with advertising and marketing materials, and to use, along with the Marks, the notices of trademark and service mark registrations that we specify.

You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue the use of any Mark or for you to use one or more additional or substitute trade or service marks, you agree at your expense to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

Notification of Infringements and Claims

Under the Franchise Agreement, you agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark or service mark of which you become aware. You agree not to communicate with anyone except us, our affiliate and our and their counsel in connection with any such infringement, challenge, or claim. We and SS, LLC have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our or SS, LLC's attorneys say is necessary or advisable in order to protect and maintain the Marks for the benefit of Taco John's Restaurants and Franchisees.

Indemnification

Under the Franchise Agreement, we agree to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, provided (i) you have operated fully and completely pursuant to and in compliance with the Franchise Agreement, and (ii) you have timely notified us of the claim and afforded us the opportunity to participate in the action, including, in our sole discretion, representing you in such action.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patent Rights and Copyrights.

We do not own any patents or copyright registrations or any pending patent or copyright applications which are material to the franchise.

We claim a copyright and treat the information in the Operations Manual as confidential trade secrets. We also claim a copyright in our other written materials, but you are permitted to use the materials as part of your Taco John's Restaurant.

Trade Secrets and Other Confidential Information.

We and our affiliates possess certain unique confidential and proprietary information and Trade Secrets relating to Taco John's Restaurants, which consist of the following information developed by us, our affiliates and our Franchisees:

1. Formulas, recipes, menu analyses, and methods of preparing, packaging, and serving products sold at Taco John's Restaurants;
2. Knowledge of sales and profit performance, standard performance evaluations of individual Taco John's Restaurants;
3. Knowledge of test programs, concepts or results relating to new menu items or categories; brands; sources of products; advertising and promotional programs; restaurant image and decor; and methods for the selection and training of personnel; and
4. Methods, techniques, formats, specifications, procedures, systems and knowledge of and experience in the development, operation, and franchising of Taco John's Restaurants.

As described above in Item 13, we have the right to use certain of SS, LLC's Trade Secrets under the License Agreement. We will disclose much of the above-described information to you in training or in the Operations Manual, and in providing guidance and assistance to you under the Franchise Agreement. In addition, in the course of the operation of the Restaurant, you or your employees may develop ideas, concepts, methods, techniques or improvements, relating to the Restaurant which you agree to disclose to us and which we may then authorize you and others in writing to use in the operation of Taco John's Restaurants. (Any such information disclosed to or developed by you will be referred to as "Confidential Information.")

Your relationship with us does not give you any interest in the Confidential Information other than the right to use it to develop and operate a Taco John's Restaurant under a Franchise Agreement with us. Use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. Under the ADA and the Taco John's Franchise Agreement, you acknowledge and agree that the Confidential Information belongs to us and our affiliates, may contain Trade Secrets belonging to us and our affiliates and is disclosed to you or authorized for your use only on the condition that you agree that you:

1. Will not use the Confidential Information in any other business or capacity;

2. Will maintain the absolute confidentiality of the Confidential Information during and after the term of the Franchise Agreement;
3. Will not make unauthorized copies of any portion of the Confidential Information; and
4. Will use all reasonable procedures we may periodically require to prevent unauthorized use or disclosure of the Confidential Information which may include requiring each owner, officer, director, or multi-unit manager to sign a Nondisclosure and Noncompetition Agreement, in the form contained in Attachment C to this Disclosure Document.

ITEM 15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Area Development Agreement

You must at all times during the term of the ADA faithfully, honestly and diligently perform your obligations and continuously exert your best efforts to locate, promote and enhance the development of multiple Taco John's Restaurants within the Development Area. An individual (the "Development Executive") must be designated in writing who will be personally responsible for the Developer's development activities during the term of the ADA and who will devote his or her best efforts to the development of Taco John's Restaurants in the Development Area. The Development Executive must be an owner, shareholder or partner of your business. There is no requirement under the ADA that you or the Development Executive complete the Management Training Program.

Franchise Agreement

You must continuously operate the Restaurant, perform your obligations under the Franchise Agreement and exert your best efforts to promote and enhance the business of the Restaurant for the full term of the Franchise Agreement. The Restaurant must, during substantially all operating hours, be under the direct, on premises supervision of the Franchisee, an owner or a manager who has completed our required training programs, has been certified by us and who devotes his or her full time and efforts to the management of the Restaurant. Your Active Certified Managers and other managers are not required to have an equity interest in the franchise or to sign non-competition agreements.

You are responsible for recruiting, appointing, hiring, firing, and supervising your Active Certified Managers, employees, independent agents, and other representatives. You will have sole authority and control over the day-to-day operations of your Taco John's Restaurant and its employees and representatives. You are solely responsible for implementing training and other programs for employees related to the legal, safe, and proper performance of their work, regardless of the fact that we may provide advice, suggestions, and certain training programs regarding the overall operation of a Restaurant as described in this Disclosure Document. The advice, suggestions, and training we provide are to protect our brand and the Marks and not to control the day-to-day operation of your Taco John's Restaurant.

Upon our request, you will cause each owner, officer, and director to sign a separate non-disclosure agreement.

If the Franchisee is a business entity, all officers, directors, shareholders, partners, or members, as applicable, will be required to sign a Guaranty when you sign the Franchise Agreement. A copy of the Guaranty is attached to the Franchise Agreement.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

Area Development Agreement

The ADA does not restrict the goods or services which you may offer or sell. However, you will be bound by provisions in the Franchise Agreements you sign under the ADA that restrict the goods and services that you may offer and sell from a Taco John's Restaurant.

Franchise Agreement

You must sell all products and services included in the "Core Menu" and you must offer and sell approved products and services only in the manner we prescribe. You may not offer for sale or sell at the Restaurant, the Premises or any other location any products or services we have not approved and must not use the Restaurant or the Premises for any purpose other than the operation of the Restaurant. You must discontinue selling and offering for sale any products or services that we decide at any time to withdraw from Taco John's Restaurants, and we have the unrestricted right to change any or all of the goods and services you are authorized to sell. We retain the unlimited right to change the types of authorized goods and services offered in your Restaurant. You are not restricted as to the customers to whom you may sell approved products and services. You must meet and maintain the highest health standards and ratings applicable to operating the Restaurant. You must furnish to us, within five days after receipt, a copy of any violation or citation which indicates your failure to maintain local health or safety standards in operating the Restaurant.

ITEM 17.
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

Area Development Agreement - The following table lists certain important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this Disclosure Document as **Attachment B**:

Provision	Section in ADA	Summary
(a) Length of the ADA term	Article 6	From execution of the ADA until the date for development of the last Restaurant as specified in the Development Schedule, or the deadline in the Development Schedule for signing the Franchise Agreement for the last Restaurant, which is typically three to five years.
(b) Renewal or extension of the term	None	You have no rights to renew or extend, but we may, in our sole discretion, grant an extension to the Development Schedule. You may be charged a fee for an extension.
(c) Requirements for you to renew or extend	None	See above.
(d) Termination by you	None	No specific provision.
(e) Termination by us without cause	None	No specific provision.
(f) Termination by us with cause	Section 7.B	We have the right to terminate if you commit any of several violations (see (g) and (h) below).

Provision	Section in ADA	Summary
(g) “Cause” defined - defaults which can be cured	Section 7.B	30 days’ notice for any breach, including failure to meet the Development Schedule. Default due to failure to meet the Development Schedule will not cause a default of any Franchise Agreements then in place, but all other defaults may cause a default of all Franchise Agreements.
(h) “Cause” defined – non- curable defaults	Section 7.B	A termination of an underlying Franchise Agreement or other related agreements.
(i) Your obligations on termination/non-renewal	Sections 7.C, D and F	You will have no further rights to develop Restaurants and must satisfy the obligations under the Franchise Agreements that survive expiration or termination of the ADA.
(j) Assignment of contract by us	Section 8.A	There are no restrictions on our right to assign.
(k) “Transfer” by you - defined	Section 8.B	Includes assignment, sale, gift, exchange or other change in ownership, whether voluntary or involuntary.
(l) Our approval of transfer by you	Section 8.B	We must approve all transfers.
(m) Conditions for our approval of transfer by you	Sections 8.B, C, D, and E	Development Rights Transfer Fee paid; purchase agreement approved; concurrent transfer of underlying Franchise Agreements.
(n) Our right of first refusal to acquire your business	None	Not Applicable.
(o) Our option to purchase your business	None	Not Applicable.
(p) Your death or total disability	None	No specific provisions.
(q) Non-competition covenants during the term of the franchise	Article 9	You are subject to all restrictive covenants as set forth in any Franchise Agreement executed pursuant to the ADA and in any Nondisclosure and Noncompetition Agreements executed in conjunction with a Franchise Agreement.
(r) Non-competition covenants after the franchise is terminated or expires	Article 9	You are subject to all restrictive covenants as set forth in any Franchise Agreement executed pursuant to the ADA and in any Nondisclosure and Noncompetition Agreements executed in conjunction with a Franchise Agreement.
(s) Modification of the agreement	Section 12.D	No modification unless by mutual written agreement.
(t) Integration/merger clause	Section 12.D	Only the terms of the ADA are binding.
(u) Dispute resolution by arbitration or mediation	Section 13.B	The ADA incorporates the arbitration requirement of the last Franchise Agreement you executed pursuant to the ADA.
(v) Choice of forum	Section 13.B	The ADA incorporates the arbitration requirement of the last Franchise Agreement you executed pursuant to the ADA. If no Franchise Agreements have been signed, arbitration before the American Arbitration Association in Denver, Colorado (subject to applicable state law).
(w) Choice of law	Section 13.A	Wyoming law applies (subject to applicable state law).

THE FRANCHISE RELATIONSHIP

Franchise Agreement - The following table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document as Attachment A:

Provision	Section in the Franchise Agreement	Summary
(a) Length of the franchise term	Section 2.1, Section 2 of Non-Traditional Facility Rider	20 years for a traditional Taco John's Restaurant; 10 years for a non-traditional Restaurant.
(b) Renewal or extension of the term	Section 2.4(a)	Opportunity to renew for up to three additional terms of 10 years each.
(c) Requirements for you to renew or extend	Section 2.4, Section 4 of Non-Traditional Facility Rider	Compliance with the Franchise Agreement; remodel, reimagine, renovate, refurbish, and modernize the Restaurant if we require; notice to us; payment of renewal fee; execution of our then-current Franchise Agreement and ancillary agreements and meet training requirements; others. You may be asked to sign an agreement with materially different terms and conditions than your original agreement.
(d) Termination by you	Section 15.1	You also have the right to terminate in certain cases if your Restaurant is underperforming, according to the standards in the Franchise Agreement. You may also terminate if we materially breach the Franchise Agreement and we fail to cure the breach after an opportunity to cure of 90 days.
(e) Termination by us without cause	Section 15.2(q)	We can terminate if there is a force majeure event that prevents the parties from performing under the Franchise Agreement and continues for six consecutive months or longer.
(f) Termination by us with cause	Section 15.2	We have the right to terminate if you commit any of several violations (see (g) and (h)).
(g) "Cause" defined - defaults which can be cured	Section 15.2(a-i)	30 days to cure failure to open the Restaurant as required or to obtain or maintain required certifications; loss of the Premises without your fault and failure to locate another suitable Premises; termination of your lease due to your default; unauthorized transfer; failure to comply with provisions, specifications, standards and procedures; relocation of the restaurant without obtaining our permission or failure to de-identify the location you vacated; failure to offer the Core Menu items; 10 days for failure to pay amounts due or misuse of Marks; 7 days for filing legal action in violation of dispute resolution terms in Franchise Agreement; 72 hours for violation of health and safety laws; others.
(h) "Cause" defined - non-curable defaults	Section 15.2(j-p, r) and Section 15.3	Your bankruptcy or insolvency; abandonment; false or material misrepresentation; seizure of the Premises; conviction for conduct that reflects adversely on the Restaurant; operation in an unsafe manner; sexual harassment or discrimination; three defaults in three years; defaults of other agreements with us or our affiliates by you or affiliates of yours, others.

Provision	Section in the Franchise Agreement	Summary
(i) Your obligations on termination/non-renewal	Article 16	Pay us amounts due; pay us liquidated damages, if terminated due to your default, based on your monthly average of Net Sales multiplied by the number of months remaining on the term of this Agreement but not to exceed 24; cease using any items with the Marks and confidential information; de-identify; return the Operations Manual and other materials; comply with non-competition covenants (see (r) below); and respect our option to purchase (see (o) below).
(j) Assignment of contract by us	Section 14.2	There is no restriction on our assignment or transfer of our interest.
(k) “Transfer” by you - defined	Section 14.3	Includes assignment, sale, gift, exchange or other change in ownership, whether voluntary or involuntary.
(l) Our approval of transfer by you	Section 14.3	By our prior written consent.
(m) Conditions for our approval of transfer by you	Section 14.4	Notice to us; you pay amounts owed; the transfer fee is paid; the new owner is approved, trained and certified; you assign or sublease the Premises to the new owner, if necessary; the Restaurant meets our image according to current specifications; the purchase agreement is approved; the new owner executes our then-current franchise agreement and ancillary agreements; and you sign a general release.
(n) Our right of first refusal to acquire your business	Section 14.7	We have the right to match any offer.
(o) Our option to purchase your business	Section 16.6	We may purchase your assets at fair market value upon prior written notice to you when the franchise terminates or expires.
(p) Your death or total disability	Section 14.5	Transfer of ownership upon your or your owner’s death or total disability does not require our consent or trigger our right of first refusal so long as the transfer is to a family member or a partner that meets our qualifications.
(q) Non-competition covenants during the term of the franchise	Section 8.3	No involvement in a competing business anywhere.
(r) Non-competition covenants after the franchise is terminated or expires	Section 16.5, Section 13 of Non-Traditional Facility Rider	No involvement in a competing business for 2 years within five (5) miles of the Protected Territory (or within five (5) miles of the Premises of a non-traditional location) or within 5 miles of the Protected Territory of any other Taco John’s Restaurant. Neither you nor we may hire the other’s employees for 6 months.
(s) Modification of the agreement	Section 17.14	No modification unless by mutual written agreement, or, at our option, upon approval of 75% of our franchisees affected by the modification.
(t) Integration/merger clause	Section 17.14	Only the terms of the Franchise Agreement and the exhibits are binding. However, nothing in the Franchise Agreement or any related agreement is intended to disclaim any representations made by us in this Disclosure Document.

Provision	Section in the Franchise Agreement	Summary
(u) Dispute resolution by arbitration or mediation	Section 17.10	Arbitration of most claims in Denver, Colorado before the American Arbitration Association.
(v) Choice of forum	Section 17.10	Arbitration before the American Arbitration Association in Denver, Colorado (subject to applicable state law).
(w) Choice of law	Section 17.16	Wyoming law applies (subject to applicable state law).

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote the 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.

CHARTS OF PER FRANCHISED RESTAURANTS AVERAGE SALES AND ACTUAL SALES

Included in the charts below are all of the 328 franchised Taco John's Restaurants with drive-thru windows that operated for all of calendar year 2023 and reported their sales to us through our approved Point of Sale System (or an alternative reporting method that we believe to be accurate and have approved) for all of calendar year 2023. The Notes that follow the charts explain the data included in the chart and you should review them carefully.

Charts Start on Next Page

CHART 1

AVERAGE SALES OF FREESTANDING TRADITIONAL TACO JOHN'S RESTAURANTS WITH DRIVE-THRU WINDOWS DURING CALENDAR YEAR 2023							
Taco John's Restaurants	Number of Restaurants in group	Average Sales	Number of Restaurants and percentage in the group that met or exceeded the average sales of the group		High performer	Median performer	Low performer
Top Quartile	70	\$1,844,833	31	44.3%	\$3,318,043	\$1,776,889	\$1,437,554
Second Quartile	69	\$1,285,618	30	43.5%	\$1,434,585	\$1,264,130	\$1,166,672
Third Quartile	69	\$1,038,693	35	50.7%	\$1,153,480	\$1,044,846	\$914,168
Lower Quartile	69	\$758,397	39	56.5%	\$906,378	\$788,521	\$498,315
Combined	277	\$1,234,098	135	49.8%	\$3,318,043	\$1,166,672	\$498,315

CHART 2

AVERAGE SALES OF ENDCAP TRADITIONAL TACO JOHN'S RESTAURANTS WITH DRIVE-THRU WINDOWS DURING CALENDAR YEAR 2023							
Taco John's Restaurants	Number of Restaurants in group	Average Sales	Number of Restaurants and percentage in the group that met or exceeded the average sales of the group		High performer	Median performer	Low performer
Top Quartile	7	\$1,492,131	3	42.9%	\$1,690,930	\$1,447,382	\$1,297,787
Second Quartile	7	\$1,190,417	4	57.1%	\$1,247,456	\$1,199,906	\$1,117,577
Third Quartile	7	\$965,314	4	57.1%	\$1,071,003	\$972,750	\$870,558
Lower Quartile	7	\$693,584	5	71.4%	\$824,072	\$775,240	\$455,932
Combined	28	\$1,076,255	15	53.6%	\$1,690,930	\$1,094,290	\$455,932

CHART 3

AVERAGE SALES OF TACO JOHN'S RESTAURANTS IN CONVENIENCE STORES OR TRAVEL PLAZAS WITH DRIVE-THRU WINDOWS DURING CALENDAR YEAR 2023							
Taco John's Restaurants	Number of Restaurants in group	Average Sales	Number of Restaurants and percentage in the group that met or exceeded the average sales of the group		High performer	Median performer	Low performer
Top Quartile	6	\$1,491,117	2	33.3%	\$1,991,302	\$1,452,982	\$1,196,843
Second Quartile	6	\$935,217	2	33.3%	\$1,134,628	\$899,679	\$827,499
Third Quartile	6	\$743,087	2	33.3%	\$785,355	\$732,282	\$708,731
Lower Quartile	5	\$551,988	2	40.0%	\$705,756	\$520,613	\$442,300
Combined	23	\$946,803	11	47.8%	\$1,991,302	\$827,499	\$442,300

NOTES TO CHARTS

- Chart 1 is a statement of the average "Sales" of the 277 Taco John's traditional freestanding Restaurants with drive-thru windows and that reported Sales to us through our approved Point of Sale System or an alternative reporting method that we believe to be accurate and have approved (an "Approved Alternative System") for all of calendar year 2023. Chart 2 is a statement of the average "Sales" of 28 Taco John's traditional Restaurants located in the endcap space in strip malls with drive-thru windows that reported Sales to us through our POS System or an Approved Alternative System for all of calendar year 2023. Chart 3 is a statement of the average "Sales" of 23 Taco John's Restaurants located in Convenience Stores or Travel Plazas with Drive-thru windows that reported Sales to us through our POS System or an Approved Alternative System for all of calendar year 2023. These charts collectively report the average "Sales" of 328 franchised Taco John's Restaurants. The term "Average Sales" as used in these charts means the average of the total Sales of each grouping for 2023 as reported to us through our POS System or an Approved Alternative System. The charts also show the Sales of the highest performer, lowest performer and the median sales. The term "median" means the data point that is the center of all data points used, or in the context of these charts, the results of the franchisee falling in the middle of each grouping. For any groupings with an even number of data points, the two middle numbers are added and then divided by two.
- We had a total of 357 franchised Taco John's Restaurants in our system as of December 31, 2023. Of those, 1 Restaurant does not report its Sales through our approved Point of Sale System (or an Approved Alternative System) and 12 Restaurants do not have drive-thru windows as part of their Restaurants. Because the restaurant models we are offering under this Disclosure Document require the use of our approved Point of Sale System and are expected to have a drive-thru window, we did not include those Restaurants in these charts. Further, 14 of our franchised Taco John's Restaurants did not operate for the full 2023 calendar year, comprised of Restaurants that opened or closed permanently during 2023, or were closed for part of the year due to remodeling. None of the outlets that closed permanently in calendar year 2023 had been open for less than 12 months. Two additional locations are considered

prototypes of the Drive Thru Olé concept and are not included in these charts. We also had a total of seven company-owned Taco John's Restaurants that operated for the full 2023 calendar year that are not included in these charts.

3. We only included in these charts the Sales figures of those Restaurants that report their Sales through our approved Point of Sale System or an Approved Alternative System because we believe the Sales figures we receive from those Restaurants are more reliable. Further, the franchised Taco John's Restaurants offered pursuant to this Disclosure Document are required to use only our approved Point of Sale System to report their Sales to us, although in certain very limited situations we have authorized use of an Approved Alternative System. The franchised Taco John's Restaurants offered pursuant to this Disclosure Document will most likely have a drive-thru window as part of the Restaurant and will be required to use our approved Point of Sale System to report their Sales to us.
4. "Sales" means the total receipts of the Restaurant, but does not include sales tax or equivalent taxes.
5. The Taco John's Restaurants included in these charts sell substantially the same products and services as the franchised Taco John's Restaurants offered pursuant to this Disclosure Document.
6. As of the start of calendar year 2023, the Taco John's Restaurants included in these charts had been in operation for periods ranging from one year to 55 years.
7. There is a large variation in the range of Sales generated by our Franchisees during calendar year 2023. During calendar year 2023, Sales by the Taco John's Restaurants reported in these charts varied from a high of \$3,318,043 to a low of \$442,300.
8. The sales information for the Restaurants included in these charts is information as reported by the Franchisees and has not been audited or otherwise verified by us. These charts only show Sales of Taco John's Restaurants and are not a statement of profits or earnings. We show no expenses in these charts. We cannot accurately determine expenses of our franchised Restaurants because franchisees do not report expenses to us.

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

If you rely upon our figures, you must accept the risk of not doing as well. Your actual financial results are likely to differ from the figures presented. If possible, show these figures to someone who can advise you, like a lawyer or accountant.

ADDITIONAL NOTES APPLICABLE TO ALL CHARTS:

In presenting this data, we do not estimate the length of time it will take for any particular franchisee to achieve any revenues levels, sales levels, or other results.

Your ability to achieve any certain level of sales or profits will depend upon factors not within our control, including the occurrence of certain start up and operating expenses and the amount of those expenses, and your level of expertise. It will also depend on your ability to promote your Tacos John's Restaurant to customers, which is a major factor in determining your profitability and is dependent upon your marketing ability and efforts, competition within your market, economic conditions, the amount of time you devote to your business, your management and leadership skills, the time and money spent promoting your business, your profit motivation and other market factors. Expenses will vary from franchisee to franchisee.

Written substantiation of this financial performance representation will be made available to you upon 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 Taco John's Restaurant, however, we may provide you with the actual records of that Restaurant. 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 Patricia L. Hays at 808 West 20th Street, Suite 200, Cheyenne, Wyoming 82001, and (307) 635-0101, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2021 TO 2023⁽¹⁾**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2021	378	367	-11
	2022	367	361	-6
	2023	361	357	-4
Company-Owned	2021	11	6	-5
	2022	6	7	+1
	2023	7	7	0
TOTAL TACO JOHN'S RESTAURANT OUTLETS	2021	389	373	-16
	2022	373	368	-5
	2023	368	364	-4

⁽¹⁾ All numbers are as of December 31 for each year.

**TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES
TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 TO 2023⁽¹⁾**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2021	0
	2022	4
	2023	0
Illinois	2021	0
	2022	3
	2023	2
Indiana	2021	0
	2022	0
	2023	2

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Iowa	2021	2
	2022	6
	2023	5
Kentucky	2021	1
	2022	0
	2023	2
Minnesota	2021	2
	2022	0
	2023	4
Missouri	2021	0
	2022	4
	2023	1
Montana	2021	0
	2022	3
	2023	0
Nebraska	2021	0
	2022	3
	2023	3
North Dakota	2021	0
	2022	2
	2023	0
South Dakota	2021	2
	2022	3
	2023	2
Tennessee	2021	0
	2022	0
	2023	3
Wisconsin	2021	0
	2022	1
	2023	2
Wyoming	2021	0
	2022	0
	2023	5
TOTAL	2021	7
	2022	29
	2023	31

(1) All numbers are as of December 31 for each year.

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2021 TO 2023 ^{(1) (2)}

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8	Column 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations – Other Reason	Outlets at End of Year
Arkansas	2021	2	0	0	0	0	1	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Colorado	2021	11	5	0	0	0	0	16
	2022	16	0	0	0	0	1	15
	2023	15	0	0	0	0	0	15
Idaho	2021	5	0	0	0	0	3	2
	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
Illinois	2021	11	1	0	0	0	0	12
	2022	12	2	0	0	0	0	14
	2023	14	0	0	0	0	1	13
Indiana	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	1	4
	2023	4	1	0	0	0	0	5
Iowa	2021	61	0	0	2	0	2	57
	2022	57	0	0	0	0	1	56
	2023	56	0	0	0	0	3	53
Kansas	2021	17	0	0	0	0	0	17
	2022	17	1	0	0	0	1	17
	2023	17	1	0	0	0	2	16
Kentucky	2021	10	0	0	0	0	0	10
	2022	10	0	0	0	0	1	9
	2023	9	1	0	0	0	0	10
Massachusetts	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
Michigan	2021	1	0	0	0	0	1	0
	2022	0	1	0	0	0	0	1
	2023	1	4	0	0	0	0	5
Minnesota	2021	61	0	0	0	0	3	58
	2022	58	0	0	0	0	2	56
	2023	56	1	0	0	0	3	54
Missouri	2021	11	1	0	0	0	1	11
	2022	11	0	0	0	0	0	11
	2023	11	0	0	0	0	0	11
Montana	2021	21	0	0	0	0	4	17
	2022	17	1	0	0	0	0	18
	2023	18	0	0	0	0	0	18

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Re-Acquired By Franchisor	Column 8 Ceased Operations – Other Reason	Column 9 Outlets at End of Year
Nebraska	2021	41	0	0	0	0	1	40
	2022	40	0	0	0	0	2	38
	2023	38	0	0	0	0	2	36
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
	2023	0	0	0	0	0	0	0
North Dakota	2021	21	1	0	0	0	1	21
	2022	21	0	0	0	0	1	20
	2023	20	0	0	0	0	5	15
Ohio	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
South Dakota	2021	37	1	0	0	0	1	37
	2022	37	2	0	0	0	1	38
	2023	38	1	0	0	0	1	38
Tennessee	2021	4	0	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	2023	6	1	0	0	0	1	6
Utah	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Washington	2021	3	0	0	0	0	1	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	1	2
Wisconsin	2021	31	0	0	0	0	0	31
	2022	31	0	0	0	0	2	29
	2023	29	3	0	0	0	0	32
Wyoming	2021	21	0	0	0	0	0	21
	2022	21	0	0	0	0	2	19
	2023	19	0	0	0	0	1	18
TOTALS	2021	378	10	0	2	0	19	367
	2022	367	11	0	0	0	17	361
	2023	361	16	0	0	0	20	357

(1) All numbers are as of December 31 for each year.

(2) If multiple events occurred affecting an outlet, this table shows the event that occurred last in time.

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2021 TO 2023⁽¹⁾

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7	Column 8
State	Year	Outlets at Start of Year	Outlets Opened	Re-Acquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
<u>Colorado</u>	2021	5	0	0	0	5	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
<u>Illinois</u>	2021	1	0	0	0	0	1
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
<u>Minnesota</u>	2021	0	0	0	0	0	0
	2022	0	2	0	0	0	2
	2023	2	0	0	0	0	2
<u>Wyoming</u>	2021	5	0	0	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
TOTAL	2021	11	0	0	0	5	6
	2022	6	2	0	1	0	7
	2023	7	0	0	0	0	7

⁽¹⁾ All numbers are as of December 31 for each year.

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2023

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed but Restaurants Not Open	Projected New Franchised Restaurants in Next Fiscal Year	Projected Company-Owned Openings in Next Fiscal Year
Colorado	1	0	0
Illinois	0	1	0
Iowa	1	0	0
Massachusetts	1	2	0
Minnesota	1	1	0
North Dakota	1	2	0
Ohio	1	1	0
South Dakota	0	2	0
Wisconsin	3	4	0
TOTAL	9	13	0

Attached to this Disclosure Document as Attachment D is a list of the names, addresses, and telephone numbers of Franchisees and Developers. Attached to this Disclosure Document as Attachment E is a list of the name and current business telephone number (or, if unknown, the last known home telephone

number) of every Franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our recently completed fiscal year or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. During the last three fiscal years, no current or former Franchisees have signed confidentiality clauses that restrict them from discussing their experiences as a Franchisee in our franchise system.

In the Franchise Agreement, we agree to regularly consult with any Franchisee association which represents fifty percent or more of our current total of both franchised Restaurants and Franchisees. (Franchise Agreement - Section 17.11) We currently consult with the elected Board of Directors of the Association of Taco John's Franchisees, Inc. (3841 Red Cedar Way, Chaska, Minnesota 55318, 952-250-3121, jody.a.schindler@gmail.com, www.atjf.net) on various matters.

ITEM 21. FINANCIAL STATEMENTS

Attached as Attachment F are our audited financial statements for the fiscal years ended December 31, 2023, 2022, and 2021.

ITEM 22. CONTRACTS

The following agreements are attached as Attachments to this Disclosure Document:

Attachment A - Franchise Agreement and Exhibits
Attachment B - Area Development Agreement
Attachment C - Nondisclosure and Noncompetition Agreement
Attachment I - Disclosure Acknowledgment
Attachment J - Prepaid Implementation and Boarding Form

ITEM 23. RECEIPT

Attachment L of this Disclosure Document contains the receipt pages. Please sign and date the second receipt page as of the date you received this Disclosure Document and promptly return it to us as specified on that page.

ATTACHMENT A
FRANCHISE AGREEMENT

032924

**TACO JOHN'S
INTERNATIONAL, INC.
FRANCHISE AGREEMENT**



Franchisee: _____

Restaurant Location: _____

**THIS CONTRACT CONTAINS A BINDING
ARBITRATION PROVISION WHICH MAY BE
ENFORCED BY THE PARTIES.**

032924

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EXHIBITS

I	ADDENDUM TO FRANCHISE AGREEMENT
II	AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS
III	STATEMENT OF OWNERSHIP
IV	GUARANTY
V	NON-TRADITIONAL FACILITY RIDER
VI	STATE RIDERS

TACO JOHN'S INTERNATIONAL, INC.
FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is made, entered into and effective as of the date (the "Effective Date") set forth in the Addendum to Franchise Agreement attached as Exhibit I (the "Addendum"). The parties to this Agreement are you, the undersigned franchisee, as the Franchisee, and us (Taco John's International, Inc., a Wyoming corporation). This Agreement is for a Taco John's Restaurant to be located at the address listed on the Addendum.

1. INTRODUCTION

This Agreement has been written in an informal style to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations this Agreement covers before you sign it. In this Agreement, we refer to Taco John's International, Inc. as "we" or the "Franchisor." We refer to you as "you," or the "Franchisee." If the Franchisee is an entity, you will notice certain provisions that are applicable to its owners, upon whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "owners."

We have a system for the establishment and operation of Mexican food restaurants (each, a "Taco John's Restaurant" or "Restaurant") with distinctive recipes, interiors and exteriors, color schemes, fixtures and equipment, which we refer to in this Agreement as the "System" and which we may modify, develop and supplement from time to time. We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the mark TACO JOHN'S®, and certain associated designs, artworks and logos, which we may change or add to from time to time (the "Marks").

This Agreement is being presented to you because you desire to obtain the right to develop, own and be franchised to operate a Taco John's Restaurant.

There are currently two Taco John's Restaurant concepts offered by us pursuant to this Agreement. Our feature concept is our traditional restaurant concept, which has three prototype building models; a freestanding building, an endcap location in a shopping mall, strip mall or alternative facility with our approval, and a "Drive Thru Olé" building. The freestanding building and endcap location models typically have a premises size of 1,800 to 2,500 square feet with the capacity to seat 30 to 60 patrons and with drive-thru window service. The Drive Thru Olé models are designed for smaller markets and typically have a premises size of 900 to 1,100 square feet and are drive thru focused buildings with limited or no seating. Our Drive Thru Olé models include the "Drive Thru Olé Digital" for drive-thru, pickup, and walk-up service without seating; and the "Drive Thru Olé Plus" for drive-thru, pickup, and walk-up service with seating for up to 10 patrons. Unless otherwise noted, references in this Agreement to our traditional restaurant refers to the freestanding, endcap, and Drive Thru Olé models. The second franchise concept is for non-traditional locations. A non-traditional location is a venue or facility where the primary purpose of the consumer's visit is typically for reasons other than the purchase of goods from a Taco John's Restaurant. Examples include airports and other transportation hubs, hospitals, college campuses and other educational facilities, convention centers, grocery stores, department stores, "big box" retail centers, sports arenas and stadiums, hotels and office buildings, military installations (Army and Air Force Exchange Services), and food courts. Typically, these are full-service restaurants with a premises size of 675 to 2,000 square feet. Non-traditional locations typically do not have a drive-thru window.

In signing this Agreement, you acknowledge your understanding of the importance of our standards of quality and service and the necessity of operating your Taco John's Restaurant in conformity with our

standards and specifications. You also acknowledge that you have conducted an independent investigation of the Taco John's Restaurant business, you have had ample opportunity to seek independent advice and recognize that, like any other business, the nature of it may change over time, that an investment in a Taco John's Restaurant involves business risks, and that the success of this business venture is primarily dependent on your business abilities and efforts.

We expressly disclaim making, and you acknowledge that you have not received or relied on, any information as to the revenues, profits, or likelihood of success of the Taco John's Restaurant venture contemplated by this Agreement, other than as set forth in our Franchise Disclosure Document. You acknowledge that there have been no representations by us or our officers, directors, shareholders, employees, or agents, that are inconsistent with the statements made in our Franchise Disclosure Document or the provisions of this Agreement. You further represent to us, as an inducement to our entering into this Agreement with you, that there have been no misrepresentations to us in your application for the rights granted by this Agreement or in the financial information provided by you and your owners.

2. GRANT OF FRANCHISE

2.1 Grant and Term.

Subject to the provisions of this Agreement, we grant to you a franchise (the "Franchise") to operate a Taco John's Restaurant of the type designated in the Addendum attached hereto at the location listed on the Addendum (the "Premises"), under the name TACO JOHN'S[®], and to use the System and the Marks in the operation of the Restaurant for an "Initial Term" as set forth in the Addendum beginning on the Effective Date of this Agreement, unless the Franchise is terminated earlier pursuant to this Agreement. Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise.

2.2 Full Term Performance.

You specifically agree to continuously operate the Restaurant, perform your obligations under this Agreement, and exert your best efforts to promote and enhance the business of the Restaurant for the full term of this Agreement in accordance with the System and all of our standards and specifications, and we agree to perform all our obligations under this Agreement continuously throughout the term of this Agreement.

2.3 Protected Territory; Right of First Refusal; Reservation of Rights.

(a) Protected Territory. Provided you are in substantial compliance with all the provisions of this Agreement and except as described in this Section 2.3, we will not establish, operate, or grant a new franchise for the operation of a Taco John's Restaurant within the "Protected Territory." Your Protected Territory is defined in the Addendum. You agree that a delivery of goods, whether by a third-party delivery service or otherwise, to a customer located within your Protected Territory from a Taco John's Restaurant located outside of your Protected Territory is not a violation of your Protected Territory rights.

(b) Right of First Refusal. In the event:

(i) we or a prospective franchisee desires to locate, open and operate a Taco John's Restaurant, other than a Restaurant in a non-traditional location described below, within two (2) miles outside the boundary of your Protected Territory ("Right of First Refusal Area"); or

(ii) we or a prospective franchisee desires to locate, open and operate an Affiliated Business (as defined below), other than in a non-traditional location described below, within your Protected Territory, then

1. we shall first notify you and permit you the first option to locate, acquire and operate a Taco John's Restaurant in the Right of First Refusal Area under the terms and conditions of our then-current Franchise Agreement for a Taco John's Restaurant (where Section 2.3(b)(i) applies) or in your Protected Territory for an Affiliated Business (where Section 2.3(b)(ii) applies). Such offer shall expire thirty (30) days after notice of such offer is given to you. You must sign our then-current Franchise Agreement and pay the then-current initial franchise fee in full (which fee is non-refundable) on or before the expiration of the thirty (30) day period. Otherwise, we will be entitled to locate and operate or grant another person the right to locate and operate a Taco John's Restaurant or Affiliated Business within the Right of First Refusal Area or Protected Territory, as applicable, and you will have no right to prevent or prohibit us from operating or granting a franchise for a Taco John's Restaurant or an Affiliated Business in such area in the future.

2. If you do sign our then-current Franchise Agreement and pay the then-current franchise fee in full, you will have one hundred twenty (120) days to bring an acceptable site to us within the Right of First Refusal Area or Protected Territory, as is applicable, in accordance with our then-current requirements. If you fail to meet this requirement, we will be entitled to operate or grant a franchise for the operation of a Taco John's Restaurant or an Affiliated Business in such area, as applicable, and you will have no right to prevent or prohibit us from operating or granting a franchise for a Taco John's Restaurant or an Affiliated Business in such area in the future.

3. Our obligation to make the offers described in this Section 2.3(b) is subject to the condition that you are in substantial compliance with all of the provisions of this Agreement. In the event that you and another Taco John's franchisee have overlapping Right of First Refusal Areas, then you and the other franchisee will each be given consecutive thirty (30)-day periods in which to exercise your respective rights of first option. The franchisee whose Taco John's Restaurant began operating first shall have the first thirty (30)-day period. If such franchisee does not exercise its rights by signing a franchise agreement by the end of such thirty (30)-day period, then the second franchisee shall have the next thirty (30)-day period in which to exercise its right of first refusal. If neither you nor the other franchisee signs a franchise agreement in accordance with this Section 2.3(b) during the applicable time period, we will be entitled to proceed to operate or grant a franchise to a third party in accordance with this Section.

(c) Non-traditional Locations. We reserve the right to operate or grant licenses to others to operate, without providing any rights or compensation to you, Taco John's Restaurants in non-traditional locations that may be within your Protected Territory.

(d) Product Distribution. We will not allow the distribution of products under the Marks through a retail outlet located in your Protected Territory unless we receive the approval of the majority of those franchisees in whose protected territories such retail outlets are located.

(e) Delivery Services. You must offer delivery services from your Restaurant to customers located in your Protected Territory, if third party delivery services are available in your Protected Territory. You may also offer delivery services from your Restaurant to customers located outside of your Protected Territory, even if the location of the customer is in the protected territory of another franchisee. Similarly, another franchisee may offer delivery services from its Restaurant to customers located in your Protected Territory.

(f) Reservation of Rights. Except as provided in Sections 2.3(a), 2.3(b) and 2.3(c) above, we retain all rights with respect to Taco John's Restaurants, the Marks and the System.

(g) Affiliated Business. An "Affiliated Business" as referred to above shall be defined as a Mexican food restaurant or other Mexican food distribution outlet (other than a Taco John's Restaurant as defined below) which is operated, franchised, or licensed by us or an Affiliate (as defined below) under the Marks or other marks.

(h) Taco John's Restaurant. A "Taco John's Restaurant" offers our "Core Menu" as defined by current policy and has facilities and equipment necessary to prepare the Core Menu under the Marks. Excluding for non-traditional locations, it is not associated with a business, the purpose of which is other than the operation of a Taco John's Restaurant.

2.4 Renewal of Franchise.

(a) Franchisee's Right to Renew. Subject to Sections 2.4 (b) below and provided you are in substantial compliance with all provisions of this Agreement, then upon expiration of the Initial Term, if:

(i) you maintain possession of and agree to remodel, reimage, renovate, refurbish, and modernize the Premises and the Restaurant, including the building design, parking lot, landscaping, equipment, signs, interior and exterior décor items, fixtures, furnishings, trade dress, and color scheme, to meet our then-current standards, specifications, and design criteria required of new franchisees, and including, without limitation, such structural changes, remodeling, and redecoration, and such modifications to existing improvements as may be necessary to do so, all within the time frame we require; or

(ii) you are unable to maintain possession of the Premises and you secure substitute premises which comply with the specifications and standards then applicable under new or renewal franchises for Taco John's Restaurants and which we have accepted;

then you will have the right to renew the Franchise for up to three (3) additional terms of ten (10) years each. You shall pay us a renewal fee in the amount set forth in Section 9.9 each time you renew the Franchise.

(b) Notices and Other Requirements.

(i) At least eighteen (18) months prior to the expiration of the Franchise, we will notify you of the date that your Franchise is scheduled to expire. You must give us written notice of your intent to renew the franchise not less than twelve (12) months prior to its expiration.

(ii) If you have provided us notice of your intent to renew your Franchise, then at least six (6) months prior to the expiration of the Franchise, we will give you written notice of any deficiencies in your operation or the historical performance of the Restaurant which could cause us not to renew the Franchise.

(iii) If we fail to provide the six-month notice described above within the required time period, we shall have the right, by written notice to you, to extend the term of this Agreement for such time period as may be necessary to provide the required notice. Notwithstanding an extension, any renewal term granted pursuant to this Section shall expire on the appropriate anniversary date as though the notice was given when required.

(iv) If you are entitled to renewal under Section 2.4(a) above, our notice will state what actions, if any, you must take to correct the deficiencies in the Premises and the operations and the historical performance of your restaurant, and will specify the time period in which those deficiencies must be corrected or other requirements satisfied.

(v) You will not be entitled to renewal of the Franchise unless you comply with all the terms and conditions of this Agreement from the date you give us notice of your desire to renew the Franchise up to the date of expiration. If we send a notice that the Franchise will not be renewed, it will state the reasons for our refusal to renew. We will not refuse to renew your Franchise except for good cause. “Good Cause” shall mean cause based upon a legitimate business reason including, but not limited to, your failure to comply with any material lawful requirement of this Agreement (provided that our refusal to renew your Franchise is not arbitrary or capricious when compared to our actions with respect to other franchisees in the same general market area under similar circumstances) or our complete withdrawal from directly or indirectly distributing our products or services in the geographic area served by your Franchise. As a condition of renewal, we may require you (or another owner) or your manager to attend our then-current training program and meet our standard certification requirements. We will not charge a fee for training required upon renewal as provided in this Section. However, you agree to pay all expenses incurred by any owners, manager(s) and/or employees of the Restaurant in connection with such training.

(vi) To renew the Franchise, the Franchisor, the Franchisee and its owners shall execute the form of standard Franchise Agreement and any ancillary agreements we are then offering in the grant of franchises to prospective new franchisees for the operation of a Taco John’s Restaurant (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise). Those agreements may contain royalty, advertising and other fees that differ from those contained in this Agreement, except that no Initial Franchise Fee will be payable upon renewal of the Franchise.

3. DEVELOPMENT AND OPENING OF RESTAURANT

3.1 Site Location.

You agree that you will locate, within one hundred eighty (180) days of the date of this Agreement, a site acceptable to us for the operation of a Taco John’s Restaurant (“Proposed Site”). Upon location of a site which you believe in good faith to be suitable for development as a Taco John’s Restaurant, you agree to submit to us complete site documentation meeting our specifications as to form and content. We will use reasonable efforts to evaluate and accept or not accept a Proposed Site within thirty (30) days after we receive complete site documentation in required form and any other information about the site and its development that we may reasonably request.

If you request our assistance with site evaluation and or site acquisition, you must reimburse us for our actual expenses incurred in this process at our then-current rates.

3.2 Site Acceptance.

You agree that you will not execute a lease or purchase contract for a Proposed Site until you have provided us with a copy of the document and we have reviewed and accepted such document in writing and accepted such site in writing. You further acknowledge that our acceptance of a site will not constitute a representation or warranty, express or implied, as to the suitability of the Proposed Site for a Taco John’s Restaurant or for any other purpose. An “Accepted Site” is a Proposed Site for which you have submitted to us a complete site report and any other information we may reasonably require and which we have accepted for development of your Taco John’s Restaurant. If you lease the land or building for your

Restaurant, the initial lease term plus any renewal options must equal or exceed the entire Initial Term of your Franchise Agreement.

3.3 Site Acquisition.

Upon our acceptance of a Proposed Site for your Restaurant, you agree to attempt to obtain lawful possession of the Accepted Site through purchase or lease. Any lease or purchase contract for an Accepted Site must be accepted by us. You agree to give us not less than thirty (30) days written notice before you purchase or execute a lease for an Accepted Site which notice shall include a copy of the proposed lease or purchase agreement for the Accepted Site. It ultimately is your responsibility to negotiate and accept the final terms of the lease or purchase agreement. While our review and assistance may include recommendations to protect you under the terms of the lease or purchase agreement, you acknowledge that our involvement in the negotiation or approval of the documents for the Proposed Site is primarily for our benefit only and does not constitute a recommendation, endorsement or guarantee by us of the suitability or profitability of the location, or the documents. You should take all steps necessary to ascertain whether such location and lease or purchase agreement are acceptable to you, which may include engaging your own legal counsel to review the documents.

3.4 Construction Documents and Specifications.

We will furnish one (1) copy of conceptual site plans, construction documents and specifications reflecting our requirements for design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for a Taco John's Restaurant at no cost. We require that the construction documents be reviewed, modified and sealed by local architects and engineers of your choice for use in the state where your Restaurant will be located. You must submit complete construction documents and specifications to us for our review and approval before you begin construction at the Premises. Such review is not designed to assess compliance with federal, state or local laws and regulations, including the ADA, as compliance with such laws is your sole responsibility. It will be your sole responsibility to have prepared all required architectural designs, mechanical drawings, site plans, blueprints and construction plans to suit the dimensions of the Premises and to ensure compliance with all applicable federal, state and local laws, regulations and codes including the Americans With Disabilities Act ("ADA"), building codes, permit requirements, and any lease or purchase agreement. You acknowledge that our assistance related to providing the conceptual site plans, construction documents, and specifications and our review and approval of any construction document related to the Premises, do not constitute a recommendation, endorsement or guarantee by us of the suitability or profitability of the location, layout, or design of your Premises. Upon our request, you must submit all revised documents and specifications during the course of such construction. If you do not begin construction within six (6) months after our approval, you must resubmit the drawings for approval to ensure that they still meet our current standards and specifications. You must construct the Restaurant in accordance with those documents and specifications. We will conduct periodic inspections of the Restaurant during construction as we deem appropriate for purposes of confirming compliance with our standards and specifications.

3.5 Equipment, Fixtures, Furnishings and Signs.

You agree to use in the development and operation of the Restaurant only those brands, types, and/or models of equipment, computer hardware and software, furniture, fixtures, furnishings, and signs which meet the standards and specifications promulgated by us as to their nature and quality. You agree to purchase equipment, furniture, fixtures, furnishings, and signs which meet our standards and specifications only from distributors and other suppliers we have approved. If you would like to purchase any items from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. We will follow the same approval process set forth in Section 10.5(e) below.

3.6 Restaurant Opening.

You agree, at your own expense, to do the following within the earlier of: (a) one hundred eighty (180) days after receiving your building permits for the Accepted Site, or (b) ten (10) days after obtaining the Certificate of Occupancy for the Restaurant, and in any event within eighteen (18) months after the signing of the Franchise Agreement, but in any event by such period as may be provided in a lease or sublease: (a) secure all financing required to fully develop the Restaurant; (b) construct, decorate, equip and furnish the Restaurant according to the construction documents and specifications we have accepted; (c) cause the training requirements of Section 4.1 to be completed; (d) purchase an opening inventory of products, supplies and materials, including all marketing materials; (e) obtain all necessary permits, licenses and insurance; (f) do any other acts necessary to open the Restaurant for business; (g) obtain our approval to open the Restaurant for business; and (h) open the Restaurant for business. Furthermore, if you do not already operate a Taco John's Restaurant, you will not open the Restaurant for business unless a representative of the Franchisor is present to provide pre-opening and post-opening assistance for up to eight (8) days (as applicable under Article 4 below). We agree to provide such assistance, provided you notify us in writing no less than thirty (30) days prior to the scheduled opening of the Restaurant and comply with all pre-opening requirements set forth above. If your scheduled opening date is delayed for any reason, you may be required to pay a delayed opening fee as set forth in Section 9.12.

4. TRAINING

4.1 Initial Training and Certification.

You acknowledge that it is very important to the operation of the Restaurant that you and your employees receive appropriate training. For that reason, you agree as follows:

(a) Before the Restaurant opens for business, one (1) owner, or, if the owner is not an individual, the person designated by the owner to assume primary operational responsibility for the Restaurant ("Designated Principal"), and two (2) managers must attend training in the operation of a Taco John's Restaurant at the time we designate. If you operate multiple Taco John's Restaurants, we may require you to have members of your management team who oversee multiple Restaurant locations (each an "Above Store Leader"), and members of your management team who supervise sales activity for two or more Restaurants (each a "District Manager"), attend additional training. If you are a new franchisee or you open a new restaurant in an underpenetrated market, we may require you and the managers we designate to attend additional training for up to three weeks. If the Owner or Designated Principal will not have primary operating responsibilities, then three (3) managers must attend the training. We will not charge a fee for the initial training program. However, you agree to pay all expenses incurred by any owners, manager(s) and/or employees of the Restaurant in connection with the initial training program. The training program will include classroom instruction and restaurant operation training and will be furnished at a Taco John's Restaurant(s) we designate. Training programs may differ for owners or employees depending upon their responsibilities at the Restaurant, and we may also require that an owner complete an additional owner training program.

(b) The owner, or if applicable, the Designated Principal, and the manager(s) of the Restaurant must complete all training and meet our standard certification requirements. (A person who has met our standard certification requirements is referred to in this Agreement as being "certified.") If the owner or the manager(s) fail to complete the training program or are not certified, we will allow another owner or, manager, as applicable, to attend training, provided that he or they must complete our training program and be certified. If the latter owner or manager fails to complete the training program or to be certified, we will have the option, upon thirty (30) days written notice to you, to terminate this Agreement.

(c) We will provide, at our expense, a minimum of one (1) qualified person who will, for up to eight (8) days assist you and/or your manager with the pre-opening and post-opening of the Restaurant (or, if you already operate another Restaurant, for up to three (3) days assist you and/or your manager with the opening and initial operation of the Restaurant), provided you have notified us in writing no less than thirty (30) days prior to the scheduled opening of the Restaurant.

(d) You and your Active Certified Managers, as defined below, must participate in a food safety program and obtain a food safety certification from a third party licensed to teach food safety that we approve. You are solely responsible for all fees charged by that third party provider for the training, as well as all expenses incurred by any of your owners, manager(s) and/or employees in participating in the program.

4.2 Active Certified Managers.

You agree to maintain the number of certified managers we specify from time to time in the Operations Manual (defined in Section 5.2 below), who have successfully completed our standard certification requirements and who work regularly in the Restaurant (each an “Active Certified Manager”), one of which may be you or your Designated Principal, for the term of this Agreement. You agree to pay our then-current fees for the required certification courses for each manager after the initial training program. We reserve the right to require additional levels of managers certified by us depending on the size and performance of the Restaurant.

4.3 Ongoing and Additional Training Programs.

(a) We provide you with access to our online learning management system, currently called The Olé! Way, which provides certain ongoing training programs and materials that we elect to provide. You agree to have your management and/or other employees complete additional training programs as we may require during the term of this Agreement, including training we generally require of all franchisees and training we require only for you or a limited number of franchisees based on our determination that you have failed to meet any of our standards. You may be required to enter into an agreement with the provider of that system and abide by all terms of the agreement, including paying the provider all required fees.

(b) We may also conduct ongoing on-site training for some or all franchisees at their Restaurant locations on a rotating basis or as we otherwise deem appropriate. We will not charge a fee for any mandatory additional training. Your managers will also be permitted to attend other training programs, workshops, or seminars which we may offer from time to time. We may charge a fee equal to actual expenses incurred for any non-mandatory additional training.

(c) Each ongoing optional and mandatory program may be offered via The Olé! Way online learning management system, at an in-person session, or in any other manner we designate. You must pay all expenses and salaries incurred by any owners and/or manager(s) of the Restaurant in connection with their attendance at all training programs.

4.4 Purpose of Training.

All training programs are provided to protect our brand and the Marks and not to control the day-to-day operations of your Taco John's Restaurant.

5. GUIDANCE; OPERATIONS MANUAL

5.1 Guidance and Assistance.

During the term of this Agreement, we will from time to time furnish you guidance and assistance with respect to the operation and management of a Taco John's Restaurant. This guidance and assistance will, in our discretion, be furnished in the form of the Taco John's Operations Manual (defined below), bulletins, written reports, computer disks, other electronically stored data, telephone consultations, and/or personal consultations at our offices or at the Restaurant. If you request additional, special on-premises training of your personnel or other assistance in operating the Restaurant, you must pay for all expenses for that training or assistance, including any per diem charges assessed by us and the documented and reasonable travel and living expenses of our personnel. Any information we provide to you does not relieve you of your responsibility to consult with your own legal advisor. You are solely responsible for complying with any legal requirements affecting you or your Taco John's Restaurant.

5.2 Operations Manual.

(a) Operations Manual. We will make available to you during the term of the Franchise one or more manuals, technical bulletins or other written materials containing mandatory and suggested specifications, standards and operating procedures and rules prescribed from time to time by us and information relative to your other obligations hereunder and the operation of the Restaurant (the "Operations Manual"). The Operations Manual may consist of multiple volumes of printed text, computer disks, or other electronically stored data. We may provide a portion or all of the Operations Manuals (including updates and amendments), and other instructional information and materials in, or via, electronic media, including without limitation, through the online learning management referenced in Section 4.3 above or otherwise through the Internet. The Operations Manual is designed to protect our reputation and the goodwill of the Marks; it is not designed to control the day-to-day operations of your Taco John's Restaurant.

(b) Confidential Information. You shall, at all times, treat the Operations Manual, and any other materials created for or approved for use in the operation of the Restaurant, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. You may not at any time, copy, duplicate, record or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The Operations Manual shall at all times remain our sole property.

(c) Modifications to Operations Manual. We shall have the right to add to and otherwise modify the Operations Manual from time to time, as we deem appropriate in our discretion, to improve the standards of service or product quality or the efficient operation of Taco John's Restaurants, to protect or maintain the goodwill associated with the Marks, to meet competition, or to otherwise improve or benefit the System. If you have a hard copy of the Operations Manual, you agree to update your copy within seven (7) days of receiving the updated information.

(d) Operations Manual Status. The Operations Manual, as modified from time to time, and mandatory specifications, standards and operating procedures and rules we prescribe from time to time and communicate to you in writing, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include the provisions of the Operations Manual and all such mandatory specifications, standards and operating procedures and rules. The master copy of the Operations Manual maintained at our principal office will be controlling in the event of a dispute relative to the content of any Operations Manual.

6. MARKS

6.1 Ownership and Goodwill of Marks.

You acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to your operation of the Restaurant in compliance with this Agreement and all standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. If you make any unauthorized use of the Marks, it will constitute a breach of this Agreement and an infringement of our and our Affiliate's rights in and to the Marks. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure to our and our Affiliate's benefit exclusively, and that this Agreement does not confer any goodwill or other interests in the Marks on you, other than the right to operate a Taco John's Restaurant in compliance with this Agreement. All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artworks, and logos we may authorize you to use during the term of this Agreement.

6.2 Limitations on Franchisee's Use of Marks.

You agree to use the Marks as the sole trade identification of the Restaurant, except that you will display at the Restaurant a notice, in the form we prescribe, which states that you are the independent owner of the Restaurant pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form, nor may you use any Mark or any name or symbol similar to the Marks, in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Restaurant, on your computer system, on menus and in connection with advertising and marketing materials, and to use, along with the Marks, notices of trade and service mark registrations as we specify.

We will maintain, and provide to you upon your written request, a list of approved advertising and promotional materials which may be used by Taco John's franchisees. You agree to submit to us for our approval samples of all local advertising and promotional materials, including computer advertising, which are not on the list of approved materials prior to using them. If you do not receive our written disapproval within five (5) business days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising, promotional materials or web sites that we have disapproved. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

6.3 Notification of Infringements and Claims.

You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark or service mark of which you become aware. You agree not to communicate with anyone except us, our Affiliate and our counsel in connection with any such infringement, challenge or claim. We and our Affiliate will have the sole right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our and/or our Affiliate's attorneys say is necessary or advisable in order to protect and maintain the Marks for the benefit of Taco John's Restaurants.

6.4 Discontinuance of Use of Marks.

If it becomes advisable at any time in our sole judgment for the Restaurant to modify or discontinue the use of any Mark or for the Restaurant to use one or more additional or substitute trade or service marks, you agree at your expense to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

6.5 Indemnification of Franchisee.

We agree to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, provided (i) you have operated fully and completely pursuant to and in compliance with this Agreement, and (ii) you have timely notified us of the claim and afforded us the opportunity to participate in the action, including, in our sole discretion, representing you in such action.

7. RELATIONSHIP OF PARTIES; INDEMNIFICATION

7.1 Independent Contractor; No Fiduciary Relationship.

Both of us understand and agree that this Agreement does not create a fiduciary relationship between us, that you and we are independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Restaurant personnel, and others as the owner of the Restaurant pursuant to a Franchise Agreement with us and agree to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

7.2 No Liability, No Warranties.

You agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither of us will make any express nor implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than that of franchisor and franchisee.

7.3 Indemnification.

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any taxes levied against you or your assets or on us in connection with the business you conduct, or any payments you make to us pursuant to this Agreement or any Franchise Agreement (except for our own income taxes). You agree to indemnify us, defend and hold us, our Affiliates, shareholders, directors, officers, employees, agents and their respective assignees, harmless against and to reimburse us for all such obligations, damages, and taxes for which we are held liable and for all costs we reasonably incur in the defense of any such claim brought against us or in any such action

in which we are named as a party, including, without limitation, actual and consequential damages, reasonable attorneys', accountants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. However, your obligation to indemnify, defend and hold us harmless will not apply to any damages, costs or expenses which result from any actions taken by you in strict compliance with the then-current Operations Manual or any other then-current specification, standard, procedure, guidance, assistance or instruction we have given you or which result from our or our agents' negligence or willful or reckless misconduct. Your indemnification obligations described above will continue in full force and effect after the expiration or termination of this Agreement. We have the right to defend any such claim against us.

8. CONFIDENTIAL INFORMATION; NON-COMPETITION

8.1 Types of Confidential Information.

We and our Affiliates possess certain unique confidential and proprietary information and trade secrets consisting of the following information developed by us and our franchisees:

- (a) Formulas, recipes, menu analyses, and methods of preparing, packaging, and serving products sold at Taco John's Restaurants;
- (b) Knowledge of sales and profit performance and standard performance evaluations of individual Taco John's Restaurants and Taco John's Restaurants as a whole;
- (c) Knowledge of test programs, concepts or results relating to new menu items or categories; brands; sources of products; advertising and promotional programs; restaurant image and decor; and methods for the selection and training of Restaurant personnel; forms and employee information; and
- (d) Methods, techniques, formats, specifications, procedures, systems and knowledge of and experience in the development, operation, and franchising of Taco John's Restaurants.

We will disclose much of the above-described information to you in training, in the Operations Manual and in providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of the Restaurant, you or your employees may develop ideas, concepts, methods, techniques of improvement, relating to the Restaurant which you agree to disclose to us and which we may then authorize you and others in writing to use in the operation of Taco John's Restaurants. (Any such information disclosed to or developed by you will be referred to in this Agreement as "Confidential Information.")

8.2 Non-disclosure Agreement.

You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of the Taco John's Restaurant under this Agreement with us, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us and our Affiliates, may contain trade secrets belonging to us and our Affiliates, and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you:

- (a) Will not use the Confidential Information in any other business or capacity;

(b) Will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement;

(c) Will not make unauthorized copies of any portion of the Confidential Information; and

(d) Will use all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information which may include, without limitation, requiring each employee and owner who has access to the Confidential Information to sign a confidentiality agreement in a form approved by us.

You agree that you will cause each owner, officer, or director to sign a separate non-disclosure agreement upon our request, and failure to do so may constitute a default of this Agreement.

8.3 Non-competition Agreement.

You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among owners of Taco John's Restaurants if franchisees of Taco John's Restaurants were permitted to hold interests in any Competitive Businesses, as defined below. Therefore, during the term of this Agreement, neither the Franchisee, nor any owner, nor the spouse or immediate family member of the Franchisee or any owner shall perform services for or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any Competitive Business. For the purposes of this Agreement, a "Competitive Business" is any restaurant (other than a Taco John's Restaurant operated under a Franchise Agreement with us) that offers or sells Mexican food as more than fifteen percent (15%) of its menu items. The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Section.

You agree that you will cause each owner, officer, or director to sign a separate non-compete agreement upon our request, and failure to do so may constitute a default of this Agreement.

9. FEES

All fees paid by you to us pursuant to this Agreement are non-refundable.

9.1 Initial Franchise Fee.

You agree to pay us an Initial Franchise Fee (the "Initial Franchise Fee") in the amount set forth in the Addendum. The Initial Franchise Fee is payable in full upon execution of this Agreement. You acknowledge and agree that the Initial Franchise Fee represents payment for the initial grant of the rights to use the Marks and System, and that we have earned the Initial Franchise Fee upon receipt thereof.

9.2 Royalty.

In consideration for your right to use the Marks and the System as provided in this Agreement, you agree to pay us a royalty (the "Royalty") equal to five percent (5%) of the Net Sales (defined below) of the Restaurant. The Royalty shall be payable monthly not later than the twentieth (20th) day of the month on the Net Sales of the Restaurant for the preceding month and shall be accompanied by a report of the Net Sales for the preceding month in a form approved by us. We may change the frequency of the payment and/or the due date(s) of the payment of the Royalty on sixty (60) days' prior advance written notice to you. The term "Net Sales" shall, for purposes of this Agreement, mean the total receipts from all sales of the

Restaurant, including all receipts from sales made at or away from the premises of the Restaurant and revenue from the redemption of Taco John's gift certificates, customer loyalty program, gift cards and other prepaid cards, and sales through mobile ordering, delivery, and catering, exclusive of sales and equivalent taxes.

9.3 Advertising and Marketing Fee.

You agree to pay to us for deposit in an Advertising Fund an "Advertising and Marketing Fee" currently equal to four percent (4%) of the Net Sales of the Restaurant. We will not change the Advertising and Marketing Fee percentage before January 1, 2026. Thereafter, we reserve the right to modify the Advertising and Marketing Fee on sixty (60) days' notice to an amount equal to the amount we charge to new franchisees, but in no event shall the Advertising and Marketing Fee exceed four and one quarter percent (4.25%) of the Net Sales of the Restaurant during the Initial Term of this Agreement. The Advertising and Marketing Fee is payable in the same manner as the Royalty. The Advertising and Marketing Fee will be used in the manner described in Article 11.

You understand and acknowledge that Advertising and Marketing Fees expended by us or our designees will be used by us, as we determine in our sole discretion, to foster recognition and promotion of the Marks, the brand, and retail sales of Taco John's Restaurants generally, and to pay for the development, support, and dissemination of marketing programs. Although we will endeavor to use the Advertising and Marketing Fees to develop and place advertising in a manner that will benefit all Taco John's Restaurants, we cannot ensure that expenditures of Advertising and Marketing Fees in or affecting any geographic area are proportionate or equivalent to Advertising and Marketing Fees paid by Taco John's Restaurants operating in that geographic area or that any Taco John's franchisee will benefit from the placement of advertising directly or in proportion to the amounts it has paid as Advertising and Marketing Fees.

Taco John's Restaurants owned by us pay Advertising and Marketing Fees on the same basis as franchised Taco John's Restaurants.

9.4 Technology Fee.

We currently do not charge a technology fee ("Technology Fee"), but we may establish this fee to pay for technology related to implementation, subscriptions or license fees, and to assist with the development and support of technology. We will give you not less than sixty (60) days' notice of the requirement that you pay this fee. If we create a Technology Fee, it will replace The Olé! Way online learning management system license fee, financial reporting system fee, back of house information system fee, geofencing service fee, gift card fee, loyalty program fee, guest experience program fee, and other technology-related subscription costs, and will also be used for further development and support of technology by or for us. When we collect this fee, we will submit a portion of it to the third-party vendors who provide certain of the services covered by this fee on your behalf. Any funds remaining at the end of a year will be carried over to future years for technology development. The Technology Fee is payable in the same manner as the Royalty.

9.5 Grand Opening Marketing.

You agree upon execution of this Agreement to set aside the sum of money set forth in the Addendum to be spent for the grand opening of the Restaurant to be conducted pursuant to a grand opening marketing program approved by us. We may require you to provide us with an accounting of your grand opening expenditures within one hundred eighty (180) days after the date the Restaurant is opened.

If you open a Restaurant in a market that is defined by us as underpenetrated, you must conduct a year-long grand opening marketing program. In markets defined by us as underpenetrated, the minimum required grand opening expenditure is \$25,000. We will notify you that the Restaurant is in an underpenetrated market and help you develop a grand opening marketing program designed to introduce the market to the Taco John's concept. An underpenetrated market is one where there is limited awareness of the Taco John's concept and minimal Taco John's advertising penetration. We may require you to provide us with an accounting of your grand opening expenditures quarterly for the first full year after the Restaurant is opened.

9.6 Interest on Late Payments.

All Royalty payments, Advertising and Marketing Fees, Learning System Fees, Technology Fees (if created), amounts due from you for purchases from us or our Affiliates, and other amounts which you owe us or our Affiliates (unless otherwise provided for in a separate agreement between us or our Affiliates) will begin to accrue interest after their respective due dates at a rate not to exceed one and one-half percent (1.5%) per month. You acknowledge that the inclusion of this Section in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Restaurant.

9.7 No Withholding.

You agree that under no circumstances will you withhold or suspend payment of, or reduce the amount of the Royalty, Advertising and Marketing Fees, Learning System Fees, or Technology Fees (if created) payable under this Agreement. Notwithstanding the foregoing, in the event that you dispute in good faith the amount of an individual payment due under this Agreement, you may pay only the amount you believe is due, provided that you give us prompt notice of the reasons for which you dispute the amount of the payment and proceed to make good faith efforts to resolve such dispute.

9.8 Transfer of Ownership Fee.

You agree to pay us a transfer fee equal to fifteen percent (15%) of our then-current Initial Franchise Fee for Taco John's Restaurant franchises for each Transfer. Once the transferee is approved, the transfer fee is due whether or not a transfer actually occurs and is nonrefundable once paid.

9.9 Renewal Fee.

You agree to pay us a renewal fee equal to twenty-five percent (25%) of our then-current Initial Franchise Fee for Taco John's Restaurant franchises for each renewal.

9.10 Relocation Fee.

At our option, you will pay us a relocation fee equal to fifteen percent (15%) of the then-current Initial Franchise Fee for Taco John's Restaurant franchises, which is due at the time the relocation process commences. The relocation fee is due whether or not a relocation actually occurs and is nonrefundable once paid.

9.11 Non-compliance Fee.

If you are determined by us to be non-compliant with equipment requirements under Section 10.2(d), remodel requirements under Section 10.2(e), or technology requirements under Section 10.4(i),

upon our demand, you will pay us a non-compliance fee equal to three percent (3%) of Net Sales. This fee will be charged and calculated based on your Net Sales from the date that is fifteen (15) days after you are notified of the non-compliance issue through the date when the non-compliance is cured, up to a maximum of six (6) months for each act of non-compliance. You acknowledge that the non-compliance fee is a reasonable estimate of our administrative and management costs and is not a penalty. During the fifteen (15) day notice period, you will have the opportunity to cure before we charge the non-compliance fee. Our right to seek this non-compliance fee and your payment of the non-compliance fee do not preclude us from seeking any other legal or equitable relief to which we are entitled under this Agreement.

9.12 Delayed Opening Fee.

If your scheduled opening date is delayed for any reason, then upon our demand, you will pay us a delayed opening fee equal to \$250 per team member for each of our team members who were scheduled to attend the opening, up to a maximum of \$1,000, to offset the costs we incur in preparing to attend your opening, including rescheduling our resources and modifying our travel arrangements. The fee is due within five (5) days after notice to you.

9.13 Allocation of Payments.

Unless other written instructions accompany a specific payment, all payments made by you pursuant to this Agreement shall be applied in such order as we may designate from time to time.

9.14 Payment Authorization.

We require that any payments to be made by you to us pursuant to this Agreement be made by automatic bank draft in accordance with the Authorization Agreement for Direct Payments, attached as Exhibit II to this Agreement. We reserve the right to require payment of fees by other similar technology now or hereafter developed.

10. RESTAURANT OPERATING STANDARDS

10.1 Importance of Uniformity.

By signing this Agreement, you indicate that you understand and acknowledge that every detail of the appearance and operation of the Restaurant is important - not only to you, but to us and to other Taco John's Restaurant franchisees - in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services sold by all franchisees, to establish and maintain a reputation for operating uniform, efficient, high quality restaurants, and to protect the goodwill of all Taco John's Restaurants. You also acknowledge that a fundamental requirement of the System, this Agreement, and other Taco John's Restaurant franchises is adherence by all franchisees to our uniform standards and policies, including but not limited to those set forth in the Operations Manual, except for certain regional or local variations we may from time to time approve or require. These standards and policies are designed to protect our reputation and the goodwill of the Marks and are not designed to control the day-to-day operations of your Taco John's Restaurant.

10.2 Condition and Appearance of Restaurant.

You agree that:

(a) Neither the Restaurant nor the Premises will be used for any purpose other than the operation of a Taco John's Restaurant in compliance with this Agreement;

(b) You will maintain the condition and appearance of the Restaurant, its equipment, furniture, fixtures, signs, and the Premises in accordance with our standards and consistent with the image of a Taco John's Restaurant as an efficiently operated business offering high quality products, beverages and services; observing the highest standards of cleanliness and sanitation; with efficient, courteous service and pleasant ambiance; and in that connection will take, without limitation, the following actions during the term of this Agreement: (i) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (ii) interior and exterior repair of the Premises; (iii) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs; and (iv) engage a pest control service on an ongoing basis in accordance with our requirements;

(c) You will not make any material alterations to the Premises, or to the appearance of the Restaurant, as originally developed, without our advance approval. If you do so, we have the right, at your expense, to rectify alterations we have not previously approved;

(d) You will replace or add new equipment when we reasonably specify in order to meet changing standards or accommodate new menu items and new methods of preparation and service. For any non-compliance with this subsection 10.2(d), you may be subject to a non-compliance fee as set forth in Section 9.11;

(e) On notice from us, you will remodel, reimage, renovate, refurbish, and modernize the Premises and the Restaurant, including the building design, parking lot, landscaping, equipment, signs, interior and exterior décor items, fixtures, furnishings, trade dress, and color scheme, to meet our then-current standards, specifications, and design criteria required of new franchisees, and including, without limitation, such structural changes, remodeling, and redecoration, and such modifications to existing improvements as may be necessary to do so, all within the time frame we require, provided that material alterations shall not be required more often than every ten (10) years (which limitation shall not apply to your obligations to maintain, repair, and replace the Restaurant and related property as described in Section 10.2(b) or upon a Transfer in accordance with Section 14.4(d)). For any non-compliance with this subsection 10.2(e), you may be subject to a non-compliance fee as set forth in Section 9.11; and

(f) You will place or display at the Premises only those signs, emblems, designs, artworks, lettering, logos, and display and advertising materials that we from time to time approve.

10.3 Relocation of Franchise.

Provided that you are in substantial compliance with the provisions of this Agreement, if you lose the right to possession of the Premises through no fault on your part or if the Premises are destroyed, condemned or otherwise rendered unusable, or if you request the relocation of your Restaurant and, in our reasonable judgment, the existing site for the Restaurant does not meet our then-current standards and specifications for sites for Taco John's Restaurants, we will grant permission for the relocation of the Restaurant to an alternate location and site which meets our then-current site criteria for Taco John's Restaurants and is approved by us. If we agree on the relocation of the Restaurant, you agree to expeditiously develop the alternate site in compliance with our then-current specifications and requirements for Taco John's Restaurants, all at your sole cost and expense, and to open the relocated Restaurant within

one hundred fifty (150) days after receiving our permission to relocate, unless otherwise agreed to by us. You agree to de-identify, to our standards, the vacated location within 30 days of relocation. At our option, you shall pay us a relocation fee in the amount set forth in Section 9.10 upon the relocation of your Restaurant.

10.4 Restaurant Menu and Service Methods.

You agree that:

(a) Your Restaurant will offer for sale all products and services included in the Core Menu as specified in the Operations Manual, and you will not remove any product from the Core Menu unless we authorize such removal;

(b) Your Restaurant will offer and sell approved products and services only in the manner we have prescribed, and you will follow all of our specifications as to content, weight and quality of products served to customers;

(c) You will not offer for sale or sell at the Restaurant, the Premises or any other location any products or services we have not approved;

(d) Your Restaurant will offer delivery services through a minimum of one (1) approved third-party delivery provider available in your community;

(e) You will not use the Premises for any purpose other than the operation of the Restaurant;

(f) You will discontinue selling and offering for sale any products or services that we decide at any time to withdraw from Taco John's Restaurants; and

(g) You will maintain an inventory of approved products, beverages, ingredients and other goods sufficient in quantity and variety to realize the full potential of the Restaurant;

(h) You will accept gift cards and loyalty redemptions, and specific credit and debit cards using the service provider we designate, and other methods of payment from customers as we may direct from time to time. You shall not charge customers any additional fees or service charges if they elect to use a credit card or debit card for payment of any services or products provided in your Taco John's Restaurant. The Payment Card Industry ("PCI") requires all companies that process, store, or transmit credit or debit card information to protect the cardholders' information by complying with the PCI Data Security Standard ("PCI DSS"). Therefore, you will be PCI compliant by following and adhering to the then-current PCI DSS, currently found at www.pcisecuritystandards.org, or any similar or subsequent standard for the protection of cardholder data throughout the term of this Agreement. PCI mandates the PCI DSS compliance;

(i) You agree to purchase and maintain, at your own cost and expense from an approved vendor, the specific electronic cash register, kitchen video monitors, receipt printers, a drive-thru speed of service timing system, and headset system (the "Point of Sale System"), along with the computer hardware, software, Internet connections and service, and other computer related accessories, peripherals and equipment necessary to support the Point of Sale System, mobile ordering and delivery platforms that utilize geofencing services, firewall and security service, and the required back of house information system (which includes the specific computer and software required to manage inventory, purchasing and other back of house functions) we specify from time to time (collectively, with the Point of Sale system, the

“Computer System”) with at least the minimum specifications we require from time to time for use in operating the Restaurant. Your Computer System must be set up in accordance with our specifications to record all sales information in connection with the Restaurant and to comply with your reporting requirements to us. Your Computer System must also be capable of processing credit card and debit card payment and complying with PCI DSS standards as described in Section 10.4(h) and be able to receive sales from mobile ordering, third-party delivery, and catering. We may require you to upgrade, at your expense, any part or all of the Computer System when deemed necessary by us. We may also change the required Point of Sale System or other elements of the Computer System from time to time in our discretion, and you will be required to acquire any updated system at your sole expense. You must enter into any contracts required by the company that oversees these systems and services and you must pay the fee for those systems and services to us or the supplier, as we designate. Upon one hundred eighty (180) days’ notice to you, we may establish and require you to use a financial reporting system provided by us or our designated supplier that allows for automatic delivery of your Net Sales reports and other data, information, and records we require, in which case you must pay the fee charged for that service to us or the supplier, as we designate, and that fee is subject to change upon thirty (30) days’ notice from us or the supplier. While we currently do not have a Taco John’s e-mail address system for franchisees, if we create a Taco John’s e-mail system, we may require you use the Taco John’s e-mail address we designate for your business. For any non-compliance with this subsection 10.4(i), you may be subject to a non-compliance fee as set forth in Section 9.11.

(j) We may, from time to time, conduct market research and testing to determine consumer trends and the salability of new products and services. If you are chosen by us, and if you agree, you will participate in our market research programs, in test marketing new food products and services in the Restaurant, and by providing us with timely reports and other relevant information regarding that market research. In connection with any such test marketing in which you agree to participate, you agree to purchase a reasonable quantity of the products being tested and to effectively promote and make a good faith effort to sell them.

(k) We may also provide guidance and assistance to you in recommending the prices to be charged by you for the services and products provided by you. Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may advertise and charge for products and services offered by your Taco John’s Restaurant for limited time offerings or offers and items we designate for inclusion in our value programs. If we establish a maximum price for any products or services, you shall not offer or sell those products or services at any greater price. If we establish a minimum price for any products or services, you shall not offer or sell those products or services at any lesser price. If we do not establish pricing limits, we may establish suggested prices. In that case, any prices that we recommend to you are merely recommendations and you may establish your own prices, which may be higher or lower than our recommended prices. You must abide by our advertising policies related to advertising prices.

(l) We currently do not require you to offer catering service, but we reserve the right to require participation in catering programs, where available, through online catering platforms. We will give you not less than sixty (60) days’ notice of the requirement that you participate in catering.

10.5 Approved Products, Distributors and Suppliers.

(a) The reputation and goodwill of Taco John’s Restaurants is based on, and can be maintained only by, the sale of distinctive, high quality food products and beverages and the presentation, packaging, service, and delivery of those products in an efficient and appealing manner. We have developed standards and specifications for food products, ingredients, beverages, materials and supplies incorporated in or used in the preparation, serving, packaging and delivery of prepared food and beverage products authorized for sale at Taco John’s Restaurants. We have approved and will continue to periodically approve

suppliers and distributors of the above products that meet our standards and requirements, which standards we will provide to prospective suppliers as described below in this Section. You agree to purchase all food products and beverages, menus, paper and plastic products, packaging or other materials, and utensils only from distributors and other suppliers we have approved. If we have approved a single distributor for your area, you must obtain products only from that distributor.

(b) We may approve a single supplier for any product and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Taco John's Restaurants franchised or operated by us, but we will use our reasonable efforts to negotiate agreements with suppliers which, in our good faith belief, are in the best interest of all Taco John's Restaurants. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time.

(c) You hereby authorize us to act as your sole agent to enter into contracts with parties offering promotion, discount or other programs whereby you would receive rebates or other marketing allowances ("Rebates") from handling items offered for sale by such parties. Except as mentioned in Section 10.5(d) below, all Rebates will be paid directly to us, unless we designate otherwise. Rebates paid to us will be contributed to the Advertising Fund described below, and such contributions shall be used to foster recognition of the Marks, brand, and retail sales of Taco John's Restaurants generally. Subject to Section 10.5(d) below, by signing this Agreement you assign all of your right, title and interest in all Rebates to us, and authorize us to furnish any proof of purchase evidence as may be required in accordance with the contracts with the suppliers.

(d) We reserve the right to require you to use the brand of fountain service beverages we designate from time to time, upon our reasonable prior notice. We will use our reasonable efforts to negotiate a contract with a beverage supplier (the "Beverage Contract") that will include a program whereby the beverage supplier shall pay either you or us Rebates, as defined in Section 10.5(c) above, to be used for one or more of the following: franchisee soft drink/beverage equipment, production of advertising materials, and/or paid to you. Any amounts paid to us shall be deposited in the Advertising Fund and used to foster recognition of the Marks, brand, and retail sales of Taco John's Restaurants generally. No less than eighty percent (80%) of the Rebates due from the beverage supplier, no matter how designated, shall be paid directly from the beverage supplier to you.

(e) If you would like to purchase any items from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. Upon receipt of your request to approve an alternate supplier, we will furnish the supplier with our relevant standards and specifications (except standards and specifications which are or include trade secrets) for suppliers of items of the type to be furnished by the proposed supplier provided the proposed supplier agrees to execute a confidentiality agreement in a form acceptable to us. We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing in order to determine if the proposed supplier meets our requirements for approved suppliers. We reserve the right to charge the proposed supplier a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria.

(f) We, for ourselves and on behalf of our Affiliates, agree not to charge a markup on proprietary products sold by us or the Affiliates to you.

10.6 Compliance with Laws and Good Business Practices.

(a) You will secure and maintain in force in your name all required licenses, permits, and certificates relating to the construction and operation of the Restaurant. You also agree to familiarize yourself with all the federal, state and local laws, ordinances and regulations that apply to the construction and operation of the Restaurant, and you will operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations. From time to time we may, but have no requirement to do so, advise you of any legislative or other legal developments that may affect you or your Restaurant. Any information we provide to you does not relieve you of your responsibility to consult with your own legal advisor. You are solely responsible for complying with any legal requirements affecting you or your Taco John's Restaurant.

(b) All advertising you employ must be completely factual, in good taste (in our judgment), and must conform to the highest standards of ethical advertising. You and we agree that in all dealings with each other, with customers, with suppliers, and with public officials, you and we will both adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You and we further agree to refrain from any business or advertising practice which may be harmful to the reputation of Taco John's Restaurants and the goodwill associated with the Marks.

(c) You will notify us in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental unit, which may materially adversely affect your operation or financial condition or that of the Restaurant, or of any notice of violation of any law, ordinance, or regulation relating to health or safety.

(d) You, your Active Certified Managers, and your other employees, will at all times present and conduct business in a professional manner with all customers, suppliers, and us. All communications with customers, suppliers, and us must be conducted in a dignified, respectful, and professional manner. If you or any of your agents fail to comply with these requirements in your communications with us, we may require you to communicate with us only through our legal staff or other person we designate.

10.7 Ownership, Management and Personnel of Restaurant.

(a) You agree that the Restaurant will, during substantially all operating hours, be under the direct, on-premises supervision of the Franchisee, an owner or a manager who has completed our Management Training Program and has been certified by us, or an Active Certified Manager, who devotes full time and efforts to the management of the Restaurant. You are solely responsible for recruiting, appointing, hiring, firing, and supervising your Active Certified Managers, employees, independent agents, and other representatives. You will have sole authority and control over the day-to-day operations of your Taco John's Restaurant and its employees and representatives. The employees of the Restaurant will be your employees, and they are not our employees or agents. You are solely responsible for implementing training and other programs for employees related to the legal, safe, and proper performance of their work, regardless of the fact that we may provide advice, suggestions, and certain training programs regarding the overall operation of a Restaurant as described in this Agreement. Such advice, suggestions, and training by us are provided to protect our brand and the Marks and not to control the day-to-day operations of your Taco John's Restaurant.

(b) The Franchisor and the Franchisee agree that they will not recruit or hire, either directly or indirectly, any employee (or a former employee for six (6) months after his or her employment has ended) of the other party without the advance written permission of the other party.

(c) You represent that the Statement of Ownership attached to this Agreement as Exhibit III is true, complete, and accurate. You agree to promptly provide us with written notification of any changes to this information during the term of this Agreement. If the franchisee is a corporation, or any other entity, we may require the officers, directors, shareholders, partners, managers, and members, whichever are applicable, to sign the Guaranty which is attached to this Agreement as Exhibit IV.

10.8 Insurance.

(a) Prior to commencement of construction of the Restaurant, you must obtain and have in effect the following insurance coverage under policies of insurance issued by carriers of your choice that we approve, unless we designate a specific required carrier for systemwide brand protection policies: (i) comprehensive public, product and automobile liability insurance against claims for personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Restaurant or your conducting business pursuant to this Agreement under one or more policies of insurance containing minimum liability coverage we prescribe from time to time; (ii) general casualty insurance including fire and extended coverage, vandalism, and malicious mischief insurance for the replacement value of the Restaurant and its contents; (3) cyber liability insurance; (4) loss of business income and incident response for foodborne illness insurance; (5) employment practices liability insurance, (6) umbrella insurance, and (7) workers' compensation insurance required by your state, each in amounts we may require from time to time. You must maintain these policies in force during the entire term of this Agreement. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, additional risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each insurance policy must be endorsed to name us as Additional Insured – Grantor of Franchise, and must provide for thirty (30) days advance written notice to us of any material modification, cancellation, or expiration of the policy. We may require that you carry additional insurance policies in the future upon sixty (60) days' notice to you. Notwithstanding the foregoing, we currently maintain the insurance coverage for loss of business income and incident response for foodborne illness, which covers our locations and each individual franchised location in the required amounts. We may designate a specific required carrier and collect your share of the premium for this insurance (as determined by us in our discretion) from you and pay it to the insurance carrier on your behalf. However, we may require you to obtain this insurance directly in the future.

(b) Upon our written request, you must before the expiration of the term of each insurance policy furnish us with a copy of each policy you are to maintain for the upcoming term, along with evidence of the payment of the premium for each. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of your insurance coverage and the payment of the premiums for them, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do that, you agree to fully cooperate with us in our effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Restaurant which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums we incur.

(c) Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of such insurance relieve you of any obligations under Article 7 of this Agreement.

10.9 Websites and Social Platforms.

Presence on the Internet, as it may evolve over time, including Websites and Social Platforms, is considered to be advertising and is subject to our review and written approval before you may use it in

connection with the Restaurant. As used in this Agreement, the term Internet includes what are today known as World Wide Web home pages and Social Platforms. However, these types of global electronic communications evolve and change over time and such changes are intended to be included within the reasonable intent of this clause. Collectively, and for ease of reference, the term "Internet presence" will encompass the current Internet, along with websites and social platforms, and future similar concepts. If we permit you to have an independent Internet presence, then the following requirements will apply:

(a) You may not establish or use an Internet presence without our prior written approval;

(b) Before establishing any Internet presence, you must submit to us for our written approval, a proposal, including in the case of a website, the domain name, format and visible and non-visible content (including meta-tags) in the form and manner that we may reasonably require. If you propose any material revisions to the original proposal as previously approved by us, you must submit the revisions to us for our prior written approval;

(c) If requested by us, you must establish hyperlinks to our website and others as we may require from time to time; and

(d) You must properly use our Marks as described in Article 6 of this Agreement.

We reserve the right to revoke our approval of any Internet presence at any time and require you to discontinue using it. We may, in the future, restrict any Internet presence to web pages on our Taco John's website or other similar Internet presence as they same may evolve. In such event, you will be required, at your own expense, to convert your website to the format we reasonably specify.

10.10 Guest Experience Feedback Programs.

We have established a guest experience feedback program to evaluate guest satisfaction of your Restaurant. You are required to participate in this program and pay the fees or charges associated with it. We may modify this program from time to time at our discretion. We have the right to review the results of all service evaluations. If we have an approved supplier for this service, you must use our approved supplier and utilize the service at a frequency and in the manner prescribed by us. You will be required to pay all fees of the supplier for this service, which fees may change from time to time. We may require that you pay these fees to us, for us to transmit to the supplier. We have the right to review the results of the service evaluations.

10.11 Online Learning Management System.

We currently maintain and provide you with access to the online learning management system referenced in Section 4.3. In order to obtain access to this system, you and any other users we approve may be required to sign an agreement in the form required, which may be modified from time to time, as well as pay the provider of this system the fees it charges. We have no obligation to maintain this system indefinitely. We can, after sixty (60) days' advance written notice to you, replace this system entirely or designate a different provider of this or another system, and require you to subscribe, at your sole cost and expense, to the new service or provider we designate to obtain access to this or similar information, including the Operations Manual.

10.12 Nonattendance of Franchisee Convention.

We require you (or at least one of your owners if the Franchisee is an entity) to attend the annual convention ("Franchisee Convention") held by the Association of Taco John's Franchisees (the "Association"). If you do not attend the Franchisee Convention, then we may charge you a non-attendance fee, at our sole discretion, which shall not be more than the attendance fee charged by the Association.

Not less than 60 days prior to the opening date of a Franchisee Convention, you may submit a written request to us for a waiver of this requirement based on your specific circumstances. We will use our best business judgment to determine whether to approve the request.

11. ADVERTISING AND MARKETING.

11.1 Advertising Fund.

(a) The Advertising and Marketing Fee described in Section 9.3 will be paid into a fund (the "Advertising Fund"). The monies in the Advertising Fund will be used by us, as we determine in our sole discretion, for expenses incurred in connection with the development, support, and dissemination of marketing programs and promotion of the Marks and the brand.

(b) The funds in the Advertising Fund are spent to foster recognition and promotion of the Marks, the brand, and retail sales of Taco John's Restaurants, generally, and to pay for the development, support, and dissemination of marketing materials and programs. Materials produced using the Advertising Fund may include television and radio spots, newspaper and billboard displays, freestanding inserts ("FSI") and flyers, signs, menus, menu boards, email or other social media campaigns, digital displays, and visual displays. We may use a variety of sources for advertising materials including in-house and regional or national advertising agencies. The Advertising Fund is also used to create and produce advertising materials that are made available to you, to other Taco John's Franchisees, and to advertising cooperatives formed by Taco John's Franchisees ("Advertising Cooperatives"), as they may exist from time to time. We or our advertising agency may charge a fee for any advertising materials acquired by a Franchisee or Advertising Cooperative.

(c) The Advertising Fund will be administered by us. Unless we have established a National Marketing Program as provided below, we will confer with an advertising production committee (the "Advertising Production Committee"), which will be made up of seven franchisees and one of our management level employees. The franchisee members of the Advertising Production Committee will be either elected by franchisees or appointed by the Board of Directors of the Association of Taco John's Franchisees, Inc., and serve three year terms. The Advertising Production Committee will be organized and governed pursuant to its bylaws that we approve. We may disband the Advertising Production Committee in our sole discretion. The Advertising Production Committee serves in an advisory role only. The artistic and creative aspects of advertising/marketing materials will be determined by us after conferring with the Advertising Production Committee.

(d) If you are required to join a local or regional Advertising Cooperative, the Advertising Fund will contribute to the Advertising Cooperative monthly in an amount equal to the lesser of the amount you have paid toward your Advertising and Marketing Fee or two and eighty-five one hundredths percent (2.85%) of your total net sales to be used for media placement in your DMA, as defined below. At our discretion, we may also agree to contribute additional amounts of your Advertising and Marketing Fee to the Advertising Cooperative. If you are not currently assigned by us to an Advertising Cooperative, then you will be required, at your expense, to use one of our approved media buyers to assist you in the daily administration of your local advertising.

(e) If you are operating a traditional Taco John's Restaurant and are not in an Advertising Cooperative, you will be required to conduct local advertising within your DMA and you will be required, at your expense, to use one of our approved media buyers to assist you in the daily administration of your local advertising. In that event, we will pay from the Advertising Fund two and eighty-five one hundredths percent (2.85%) of your Net Sales to the media buyer you select to be applied against the media buyer's fees and your local advertising program developed by the media buyer. You must be current on paying us your Advertising and Marketing Fee or we may withhold amounts paid to your media buyer, in which case you will be responsible for all amounts due to the media buyer. We will not pay any amounts from the Advertising Fund to your media buyer if you are in an Advertising Cooperative or if you operate a non-traditional Restaurant. You are permitted to use advertising and promotional materials you develop and to conduct independent local promotions so long as you obtain our prior written consent to do so. You must submit to us for our approval any advertising and promotional materials you develop at least ten (10) days before you use those materials.

(f) We will withhold the distribution of marketing materials to any franchisee who fails to timely remit the Advertising and Marketing Fee.

(g) We do not reimburse food cost for coupons redeemed at your restaurant.

(h) We will prepare an annual unaudited statement showing all amounts collected and expended by the Advertising Fund and the amount of Rebates collected and expended, and make it available to you on written request.

(i) We may in the future establish a program for national, regional, or local media placement, digital advertising, and national advertising (the "National Marketing Program"). If we create a National Marketing Program, we may also use some or all of the Advertising Fund to support it. At that time, the Advertising Production Committee will be disbanded, and the functions of that committee shall become the responsibility of a National Marketing Program advisory committee (the "National Marketing Program Advisory Committee"). We currently do not have any standards for a National Marketing Program or for a National Marketing Program Advisory Committee. We will provide you at least six (6) months' advance notice of the establishment of a National Marketing Program.

11.2 Advertising Cooperatives.

We reserve the right to establish and require your participation in either a local or regional Advertising Cooperative at our sole discretion (each an Advertising Cooperative). If we require you to join a local Advertising Cooperative, it will consist of Franchisees in your Designated Market Area ("DMA") or such other contiguous areas determined by us, in our sole discretion, to be appropriate in your market area. Currently, a DMA is determined by the A.C. Nielsen Company's Nielsen Station Index and is defined as "generally a group of counties in which the commercial TV stations in the Metro/Central area achieve the largest audience share." We may change how the DMA is established based on changes in the advertising industry.

If we require you to join a regional Advertising Cooperative, we will designate the market areas included within the regional Advertising Cooperative. We may change your assignment to an Advertising Cooperative in our sole discretion. We will provide you at least six (6) months' advance notice of any change in your assignment to an Advertising Cooperative.

We require that every local or regional Advertising Cooperative be legally incorporated, and as a corporation, each Advertising Cooperative must operate under bylaws that we approve. We will provide

model bylaws to all Advertising Cooperatives. We may dissolve an Advertising Cooperative or change the structure and/or function of an Advertising Cooperative.

Franchisees assigned to a local or regional Advertising Cooperative shall elect officers of their Advertising Cooperatives, and these officers are responsible for administration of the Advertising Cooperative and the expenditure of funds contributed to the Advertising Cooperative. We require that at a minimum, a President and Treasurer for each Advertising Cooperative be elected. We may require the Advertising Cooperative to delegate the daily administration of the Advertising Cooperative to an advertising agency, media buyer, or other professional marketing services provider.

If you are required to join a local or regional Advertising Cooperative, then the Fund will contribute to your Advertising Cooperative monthly an amount equal to the lesser of the amount you have paid toward your Advertising and Marketing Fee or 2.85% of your total Net Sales (or 1% for non-traditional facility franchisees) to be used for media placement in your DMA. An Advertising Cooperative may determine, by a vote of its members, to collect additional advertising fees for use by the Advertising Cooperative on approved advertising and marketing programs, although non-traditional locations are not required to contribute additional advertising fees to an Advertising Cooperative. Advertising Cooperatives are also required to prepare annual financial statements and to present these to its members (or prospective members) and to us upon request.

If we establish a National Marketing Program, it may replace any local and regional Advertising Cooperatives.

11.3 Participation in Certain Programs and Promotions, including Customer Loyalty Program.

You must use your best efforts to promote and advertise your Restaurant and you must participate in all national or special advertising and promotional programs we establish in the manner we direct. You must, at your expense, participate in any customer loyalty program we may establish, including honoring loyalty redemptions presented in your Restaurant, as it may be modified from time to time. You must, at your expense, also participate in any gift card program, as it may be modified from time to time, and honor all Taco John's gift cards presented in your Restaurant. In particular, you must pay any fees imposed by any gift card processor, which we may collect on behalf of the gift card processor. You must enter into any contracts required by the company that oversees our gift card program or customer loyalty program and pay any fees required by that company.

12. ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS

You agree to establish and maintain bookkeeping, accounting, and recordkeeping systems conforming to our requirements as we prescribe from time to time. We have the right to electronically access, either directly from your Computer System or through a third-party vendor, at our discretion, your Restaurant sales information at any time. Except to the extent that such information is automatically transmitted to us pursuant to a financial reporting system as described in Section 10.4(i), you agree to furnish us in the form we prescribe from time to time by the twentieth (20th) day of each month a written report of the Net Sales of the Restaurant and a Profit and Loss Statement for the preceding month, and any other data, information, and supporting records concerning the operation and financial condition of the Restaurant that we reasonably require. You agree to certify and sign each report and financial statement required by this Section if we so request. Reports are to be submitted electronically when we direct. By submitting reports or any other financial information to us, you authorize us to utilize this information to prepare a financial performance representation, to release this information as necessary to substantiate any financial performance representation we make, to share such information in summary form as we deem

necessary or desirable to share with other franchisees at any annual convention or other franchise business meetings, and to utilize this information in any other manner and with any other parties that we deem appropriate without obtaining any further written consent from you.

13. INSPECTIONS AND AUDITS

13.1 Franchisor's Right to Inspect Restaurant.

To determine whether you and the Restaurant are complying with this Agreement, and with specifications, standards, and operating procedures we prescribe for the operation of Taco John's Restaurants, we or our agents have the right, at any reasonable time and without advance notice to you, to:

- (a) Inspect, photograph and videotape the Premises;
- (b) Observe the operations and sample products of the Restaurant for such consecutive or intermittent periods as we deem necessary;
- (c) Interview personnel of the Restaurant;
- (d) Interview customers of the Restaurant; and
- (e) Inspect your Computer System including, but not limited to, inspecting your Internet presence, if any has been previously approved.

You agree to fully cooperate with us in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe and agree to participate and/or request your customers to participate in any surveys performed by or on our behalf.

13.2 Franchisor's Right to Audit.

We have the right at any time during business hours to inspect, copy and audit, or cause to be inspected, copied and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns, computer records and other records of the Restaurant and the books and records of you and any owner. You agree to fully cooperate with our representatives and independent accountants we may hire to conduct any inspection or audit. If an audit determines there is a deficiency in previously reported Net Sales, you agree to pay us the additional royalties owed, plus interest as provided in Section 9.6, within five (5) days after written demand. If the deficiency is more than three percent (3%) of actual Net Sales, you agree to pay us, within five (5) days after demand, the costs actually incurred by us in the examination of your books and records.

14. TRANSFER REQUIREMENTS

14.1 Interests in Franchisee.

The Franchisee and each owner represent, warrant and agree that all "Interests" in the Franchisee are owned in the amount and manner you have disclosed to us. (An "Interest" means any shares, membership interests, or partnership interests of the Franchisee, and any other equitable or legal right in any of Franchisee's stock or other interests, revenues, profits, rights or assets. When referring to the Franchisee's rights or assets, an "Interest" also includes this Agreement and the Franchisee's rights under and interest in this Agreement, the Restaurant and the revenues, profits or assets of the Restaurant.) The

Franchisee and each owner also represent, warrant and agree that no change will be made in the ownership of an Interest other than as permitted by this Agreement or as we may otherwise approve in writing. The Franchisee and each owner agree to furnish us with evidence as we may request from time to time to assure ourselves that the Interests of the Franchisee and each owner remain as permitted by this Agreement, including a list of all persons or entities owning any Interest.

14.2 Transfer by Franchisor.

This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement provided, however, that we will make reasonable provisions for the performance of our obligations under this Agreement by our successor.

14.3 No Transfer Without Approval.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of the Franchisee and the owners. Accordingly, neither this Agreement nor any part of your interest in it, nor any other Interest of the Franchisee or an owner, may be transferred without our advance written approval. However, such approval will be given provided that the transferee satisfies our then-current reasonable qualifications for new Taco John's Restaurant franchisees, which qualifications shall be based on legitimate business reasons. You acknowledge and agree that the qualifications and conditions for such transfers and transferees shall include, without limitation, the conditions set forth in this Agreement. If the proposed transferee (the "Proposed New Owner") does not meet our then-current reasonable qualifications, we may refuse to permit the transfer, provided that our refusal is not arbitrary or capricious when compared to our actions in other similar circumstances. Any Transfer (as defined below) that is made without compliance with this Agreement will constitute a breach of this Agreement and convey no rights to or interests in this Agreement, in you, or in any Taco John's Restaurant. Your articles of incorporation, articles organization, partnership agreement, or other formation documents and all stock certificates or other evidence of ownership must describe or bear a legend reflecting the transfer restrictions of this Section 14.3.

Except as described below, the term "Transfer" as used in this Agreement means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, or occurrence of any other event which would or might change the ownership of any Interest, and includes, without limitation, the transfer of ownership of capital stock, membership interest or partnership interests, merger or consolidation, or issuance of additional ownership interests in the Franchisee, sale of common stock of the Franchisee sold pursuant to a private placement or registered public offering, transfer of an Interest in a divorce proceeding or otherwise by operation of law, or transfer of an Interest to a trust or upon the death of an owner of the Interest whether by will or otherwise. Notwithstanding the foregoing and any other provision of this Agreement, the following occurrences shall not require our consent and shall not make applicable the right of first refusal as set forth in Section 14.7:

(a) The Transfer of ownership of the Franchise upon your death or total disability, or upon the death or total disability of an owner of the Franchise if the Franchisee is a corporation, limited liability company or partnership, to such person's spouse, child or children, or to a co-owner in the Franchise if the Franchisee is an entity, unless the transferee fails to meet our then-current reasonable qualifications for Taco John's Restaurant franchisees.

(b) A Transfer of the Franchise to a corporation wholly owned by you. You agree that, in connection with such incorporation:

(i) you will submit to us such documents relating to the corporation as we may require;

(ii) you and all other owners of such corporation will sign our then-current Franchise Agreement and execute a guaranty of such corporation's obligations under the Franchise Agreement; and

(iii) the organizational documents of the corporation, including all stock certificates, shall state that they are subject to the restrictions on transfer contained in this Agreement.

(c) A Transfer of less than a Controlling Interest in the Franchise to an existing owner of the Franchise, provided that fifty percent (50%) or more of the Interests in the Franchise are held by persons who meet our then-current qualifications for Taco John's Restaurant franchisees. If less than fifty percent (50%) of the Franchise would be owned by persons who meet our then-current reasonable qualifications, we may refuse to authorize the Transfer.

(d) A Transfer of less than a Controlling Interest in the Franchise to your spouse, child or children, provided that fifty percent (50%) or more of the Interests in the Franchise are held by persons who meet our then-current qualifications. If less than fifty percent (50%) of the Franchise would be owned by persons who meet our then-current reasonable qualifications for Taco John's Restaurant franchisees, we may refuse to authorize the Transfer.

(e) A Transfer of less than a Controlling Interest in the Franchise to an employee stock ownership plan, or employee incentive plan, provided that fifty percent (50%) or more of the Interests in the Franchise are held by persons who meet our then-current qualifications. If less than fifty percent (50%) of the Franchise would be owned by persons who meet our then-current reasonable qualifications for Taco John's Restaurant franchisees, we may refuse to authorize the Transfer.

(f) A grant or retention of a security interest in the Restaurant or its assets, provided the security agreement establishes an obligation on the part of the secured party enforceable by us to give us notice of the secured party's intent to foreclose on the collateral simultaneously with notice to the debtor, and a reasonable opportunity to redeem the interests of the secured party and recover the secured party's interest in the Restaurant by paying the secured obligation.

(g) A Transfer of less than fifty percent (50%) of the Interests in the Franchise or the Restaurant, unless such Transfer is one of a series of Transfers which taken together would constitute the Transfer of fifty percent (50%) or more of the total of such Interests.

(h) A Transfer to a trust provided the trustee and beneficiaries meet our current reasonable qualifications for new franchisees.

You must give us written notice sixty (60) days in advance of any of the occurrences described in Section 14.3 (a) through (h) above.

14.4 Conditions for Approval of Transfer.

If the Franchisee and the owners are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section.

The person or entity to whom you wish to make the Transfer or its principal owners (defined above as the "Proposed New Owner"), must be individuals of good moral character and otherwise meet our then-current reasonable qualifications for Taco John's Restaurant franchisees including, without limitation, qualifications relating to business experience, aptitude and financial resources and all of the following conditions must be met before or at the time of the Transfer:

- (a) You must pay any amounts owed to us or our Affiliates which are unpaid;
- (b) The Proposed New Owner must have completed our training program and have been certified. The Proposed New Owner shall be responsible for the travel and living expenses (including all transportation costs, room, board and meals) incurred during the training program;
- (c) If your existing lease or sublease for the Premises requires it, the Lessor must have consented to the assignment or sublease of the Premises to the Proposed New Owner; or, if the Proposed New Owner is entering a new lease, sublease, or other financing arrangement including a sale-leaseback for the Premises, you must provide us with a copy of the documents for our review and acceptance;
- (d) Either you have remodeled, reimaged, expanded, equipped, modernized and redecorated the interior and exterior of the Premises in accordance with our then-existing image and specifications for a Taco John's Restaurant in connection with the Transfer, or the Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, reimage, expand, equip, modernize and redecorate the interior and exterior of the Premises in accordance with our then-existing image and specifications for a Taco John's Restaurant;
- (e) The Proposed New Owner shall agree to sign a Franchise Agreement in a form then currently offered by us, which may include different fees and duties, except that the term of which shall end on the expiration date of this Agreement, and which shall supersede this Agreement in all other respects;
- (f) You must give us written notice sixty (60) days in advance of your intended Transfer date. Once the transferee is approved, you shall pay us a transfer fee in the amount set forth in Section 9.8 for each Transfer;
- (g) You must provide us a copy of the proposed purchase agreement or other agreement for the transaction between you and the Proposed New Owner, and that agreement must be approved by us;
- (h) You must have offered us the opportunity to exercise our right of first refusal pursuant to Section 14.7, and we must have declined to exercise it; and
- (i) You must sign a general release, in a form approved by us, of any and all claims against us, our Affiliates and the respective officers, directors, employees and agents.

14.5 Death and Total Disability.

If, upon the death or total disability of the Franchisee (or the death or total disability of an owner) the Restaurant is not under the direct on-premises supervision of an owner or manager who has completed our training programs and has been certified by us, the executor, administrator, conservator or other personal representative of such person shall appoint a competent manager within a reasonable time, not to exceed forty-five (45) days from the date of death or total disability. The appointment of such manager shall be subject to our prior written approval, such manager must complete our training program and be

certified by us. If the Restaurant is not being managed by an approved and certified manager within forty-five (45) days after the death or total disability, we shall have the right, but not the obligation, to immediately appoint a manager to maintain the operation of the Restaurant until an approved assignee shall be able to assume the management and operation of the Restaurant. We shall have the right to charge a fee for such management service of 15% of the net sales for the days we managed the Restaurant.

14.6 Effect of Consent to Transfer.

Our consent to a proposed Transfer pursuant to this Section will not constitute a waiver of any claims we may have against you under this Agreement, and will not be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the new Franchise Agreement entered into by the Proposed New Owner.

14.7 Franchisor's Right of First Refusal.

If you or any owner of the Franchisee wishes to Transfer an Interest, we will have a right of first refusal to purchase that Interest. The party proposing the Transfer (the "Transferor") must submit to us a written offer to sell the Interest, which offer shall include the price and other material terms and conditions of the offer. The Transferor must also provide us with any other information we need to evaluate the offer, if we request it, within seven (7) days after receipt of the offer. We have the right, exercisable by delivering written notice to the Transferor within fifteen (15) days after the date of last delivery to us of the offer and any other documents we have requested, to purchase the Interest for the price and on the terms and conditions contained in the offer. We will have at least sixty (60) days to prepare for closing and we will be entitled to all customary representations and warranties. If the proposed Transfer includes assets not related to the operation of the Restaurant, we may purchase only the assets related to the operation of the Restaurant for an equitable price.

If we do not exercise our right of first refusal, the Transferor may offer that Interest and complete the sale to a Proposed New Owner pursuant to and on the terms of the offer to us, as long as we have approved the Transfer as provided in Section 14.3 of this Section. You must immediately notify us of any changes in the terms of an offer to a Proposed New Owner. Any material change in the terms of an offer before closing will make it a new offer, revoking any previous approval or previously made election to purchase and giving us a new right of first refusal effective as of the day we receive formal notice of a material change in the terms. For purposes of this Section, a material change in an offer shall include, but not be limited to, a deviation of greater than ten percent (10%) in the price you originally offered to us. If the sale to the Proposed New Owner is not completed within one hundred twenty (120) days after we have approved the Transfer, our approval of the proposed Transfer will expire.

14.8 Public Offering.

Notwithstanding anything in this Section to the contrary, we will not withhold consent to a public offering of securities (debt or equity) of the Franchisee provided:

- (a) The parties who are the owners of the Franchisee prior to such offering retain control of more than fifty percent (50%) of the voting power of the Franchisee after the offering;
- (b) The Franchisee submits to us prior to the public offering the offering documents and such other information relating to the public offering as we may reasonably request;
- (c) The Franchisee agrees to reimburse us for our actual expenses incurred in connection with the offering or proposed offering (including reasonable attorneys' fees); and

(d) The Franchisee complies with all our requirements in connection with such offering including, without limitation, adding appropriate disclaimers to the offering documents and execution of appropriate indemnification agreements indemnifying us against any costs or liabilities arising out of such public offering.

15. TERMINATION OF FRANCHISE

15.1 By Franchisee.

(a) Termination Due to our Material Breach. If we breach this Agreement and fail to cure such breach within ninety (90) days after written notice thereof is delivered to us, you may terminate this Agreement and the Franchise effective ten (10) days after delivery to us of notice of termination. However, if the nature of the breach is such that it cannot be cured within ninety (90) days, you will not have the right to terminate if we promptly commence and continue diligent, good faith efforts to cure such breach.

(b) Termination Due to Underperforming Restaurant. If you believe your Restaurant is underperforming, you may request consideration for participation in the Rehabilitation Program, described below, or for termination of this Agreement. You must meet the following criteria for us to consider your request: (i) the Restaurant is in good standing (meaning, for purposes of this Section, materially in compliance) under this Agreement; and (ii) the Restaurant has continuously operated for not less than five (5) consecutive years. You must provide us written documentation supporting your request as we may require, including but not limited to, copies of detailed financial information for the Restaurant for the past thirty-six (36) months. We will determine whether your Restaurant is underperforming and will give you written notice of our decision. If we agree that your Restaurant is underperforming, our notice will advise you whether we will require participation in the Rehabilitation Program or give you our permission to terminate this Agreement.

(i) Rehabilitation Program. Our Rehabilitation Program is designed to review and assist you in improving your Restaurant's performance. If we require you to enter the Rehabilitation Program, you must agree to follow the terms and conditions of this program, as set forth in our Operations Manual. We will designate a person (the "Rehabilitation Assistant"), who will evaluate and make recommendations on ways to improve your Restaurant's performance. You agree that for the following six (6) months after the appointment of the Rehabilitation Assistant (the "Rehabilitation Period"), you will work with the Rehabilitation Assistant in implementing the Rehabilitation Assistant's recommendations. Provided that you materially follow the recommendations of the Rehabilitation Assistant and do not otherwise become in default of your Franchise Agreement, if at the end of the Rehabilitation Period we agree, in our sole discretion, that your Restaurant is still underperforming, then we will agree to allow you to terminate this Agreement. You must execute a termination agreement in a form approved by us. We will have the option to purchase the Restaurant as set out in Section 16.6 below.

(c) No Other Rights of Termination by You. Except for a termination of this Agreement and the Franchise in full compliance with the requirements set forth in subparts (a) or (b) of this Section 15.1, you have no rights to terminate this Agreement or the Franchise prior to the expiration of the Term.

15.2 By Franchisor.

We shall have the right to terminate this Agreement if you:

- (a) Fail to open the Restaurant as provided in this Agreement;
- (b) Fail to obtain and maintain the certifications required pursuant to Article 4;
- (c) Transfer control of, lose the right to occupy the Premises through no fault of your own and you fail to locate a substitute site as provided in Section 10.3, or the lease for the Premises of the Restaurant is terminated because of your default thereunder;
- (d) Attempt to make a Transfer without compliance with the provisions of Article 14;
- (e) Fail to follow our directions and guidelines concerning use of the Marks or otherwise misuse the Marks and fail to correct the failure or misuse within ten (10) days after notification from us;
- (f) Fail to comply with any other provision of this Agreement or any mandatory specifications, standard or operating procedure;
- (g) Fail to obtain our permission to relocate a Restaurant or to de-identify the vacated location;
- (h) Fail to offer our Core Menu, or offer unapproved menu items;
- (i) Are found to be in violation of any applicable health, safety or sanitation laws, regulations or codes, by any governmental official, and fail to cure any such violation within seventy two (72) hours after receiving notice therefor;
- (j) File or otherwise commence litigation, arbitration, or any other legal action against us that is not in compliance with the dispute resolution terms agreed upon in Article 17 of this Agreement as may be modified by any applicable rider in Exhibit VI, and fail to dismiss such action within seven (7) days after notification from us; or
- (k) Fail to abide by any other provision of the Agreement, provided you will have thirty (30) days after receipt of written notice from us to cure any of the aforementioned defaults (unless a shorter time period is noted above); provided however, that termination by us will not be arbitrary or capricious when compared to our actions with respect to other franchisees in the same market area in similar circumstances.

Furthermore, we shall have the right to terminate this Agreement effective upon delivery of notice of termination to you, if:

- (l) You are declared bankrupt or judicially determined to be insolvent;
- (m) You voluntarily abandon the Franchise by failing to operate the Restaurant for five (5) consecutive days without our prior written approval, unless the failure to operate is due to circumstances beyond your control, other than financial inability;

(n) You or your owners have made or knowingly make any false or material misrepresentations, or have knowingly omitted or knowingly omit to state any material facts relating to the acquisition, ownership or operation of the Franchise, including but not limited to sales reporting;

(o) The Restaurant or the Premises are lawfully seized, taken over, or foreclosed by a government authority or official;

(p) You are convicted, or enter a no contest plea, for criminal misconduct which materially and adversely affects the operation, maintenance, or goodwill of the Restaurant;

(q) You operate the Restaurant in a manner that imminently endangers the public health and safety;

(r) You fail on three (3) or more separate occasions in any three (3) year period to comply with the material provisions of this Agreement, whether or not such failures to comply are corrected after notice thereof is given to you, provided that our termination is not arbitrary and capricious when compared to our actions with respect to other franchisees in the same market area in similar circumstances;

(s) In the event of a force majeure event as described in Section 18.7 below that occurs and continues for a period of six consecutive months or longer, and which prevents either party from performing its obligations hereunder;

(t) We receive credible evidence, which we verify to our satisfaction, that you, your Designated Principal, or any other management level employee, has sexually harassed or intimidated any individual or intentionally engaged in any racial, ethnic, religious, sexual, or other offensive discrimination against any individual or group; or

(u) Fail to pay when due any monies owed to us (unless such monies are the subject of a bona fide dispute subject to Section 9.7 hereof); provided that, you will have ten (10) days after receipt of written notice from us to cure.

15.3 Cross-Default and Cross Termination.

(a) A default by you under this Agreement will be deemed a default of all agreements between you and/or any Franchisee Affiliate and Franchisor (the “**Other Agreements**”). A default by you and/or any Franchisee Affiliate under any of the Other Agreements will be deemed a default under this Agreement. A default by any guarantor(s) of this Agreement or of any of the Other Agreements will be deemed a default of this Agreement.

(b) If this Agreement is terminated as a result of a default by you, we may, at our option, elect to terminate any or all of the Other Agreements. If any of the Other Agreements is terminated as a result of a default by you and/or any Franchisee Affiliate, we may, at our option, elect to terminate this Agreement. It is agreed that an incurable or uncured default under this Agreement or any of the Other Agreements will be grounds for termination of this Agreement and/or any and all of the Other Agreements without additional notice or opportunity to cure.

16. RIGHTS AND OBLIGATIONS OF FRANCHISOR AND FRANCHISEE UPON TERMINATION OR EXPIRATION OF FRANCHISE

16.1 Payment of Amounts Owed to Franchisor.

You agree to pay to us within five (5) days after the effective date of termination or expiration of the Franchise all fees and all other amounts due us pursuant to this Agreement or any other agreement, whether written or oral, between the parties. In the event of a termination due to a default by you, you shall also pay to us, as liquidated damages and not as a penalty, an amount equal to the Royalty that would have been due from you in accordance with Section 9.2 of this Agreement based on the monthly average of the Net Sales (i) over the past sixty (60) full months of operation of the Restaurant prior to the date of default, (ii) from the date of commencement of operation of the Restaurant if the Restaurant had not been in operations for a full sixty (60) months prior to the date of default or (iii) for the entire term of operation of the Restaurant by you if you did not own the franchise for a full sixty (60) months prior to the date of default, multiplied by the number of months remaining on the term of this Agreement but not to exceed twenty four (24).

16.2 Marks.

You and your owners agree that after the termination or expiration of the Franchise, you will:

- (a) Not directly or indirectly at any time identify any business with which you are associated as a current or former Taco John's Restaurant or franchisee;
- (b) Not use any Mark or any imitation of any Mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;
- (c) Return to us or destroy (whichever we specify) all menus, forms and materials containing any Mark or otherwise relating to a Taco John's Restaurant;
- (d) Remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms;
- (e) Remove all Marks from any of your websites or other Internet presence, discontinue all use of any domain name which contains the Marks and, upon our request, transfer it to us; remove your listing from all Internet directories; and notify all search engines that you are no longer part of the System; and
- (f) Take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

16.3 De-Identification.

If you retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of a Taco John's Restaurant and to ensure that the location is not recognizable as a Taco John's Restaurant, including painting and removing any trade dress and signage bearing the Marks. If you do not take the actions we request within thirty (30) days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

16.4 Confidential Information.

You agree that on termination or expiration of the Franchise, you will immediately cease to use any of the Confidential Information. You further agree to immediately return to us all copies of the Operations Manual and any other confidential materials which we have loaned to you.

16.5 Covenant Not to Compete.

On termination or expiration of this Agreement in accordance with its terms, the Franchisee and the owners agree that, for a period of two (2) years after the effective date of termination or the date on which you start complying with this covenant, whichever is later, neither you nor your owners will have any direct or indirect interest (through a member of your immediate Family or that of an owner, or otherwise) as a disclosed or beneficial owner, investor, manager, or consultant, in any Competitive Business (as defined in Section 8.3) which is located or operating within five (5) miles of the Protected Territory or within five (5) miles of the Protected Territory of any other Taco John's Restaurant.

The prohibitions of this Section will not apply to the ownership of the one percent (1%) or less of a publicly traded company.

16.6 Franchisor's Option to Purchase Restaurant.

Upon the termination or expiration of the Franchise, we shall have the option, but not the obligation, exercisable for thirty (30) days after written notice to you, to purchase at fair market value all of the assets of the Restaurant including all approved equipment, fixtures, furniture and signs and all utensils, supplies, materials and other items imprinted with any Mark. If we cannot agree with you on the fair market value of the assets of the Restaurant within a reasonable time, such value shall be determined by an independent appraiser who shall have been selected jointly by you and us. We shall not assume any liabilities, debts or obligations of the Restaurant in connection with any such transfer and you shall indemnify us from any and all claims made against us arising out of any such transfer of the assets of the Restaurant. The parties shall comply with all applicable laws in connection with any such transfer and you shall cooperate with us in complying with all such requirements.

At the closing of the purchase of the Restaurant, as above provided, both the Franchisee and the Franchisor will execute and deliver all documents necessary to vest title in the Franchisor or its nominee free and clear of all liens and encumbrances. We shall have the right to set off against the purchase price of the assets of the Restaurant all amounts due to the Franchisor under this Agreement or any other agreement between the parties.

16.7 Continuing Obligations.

All obligations of this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

17. ENFORCEMENT

17.1 Invalid Provisions; Substitution of Valid Provisions.

In the event that any arbitrator or court of competent jurisdiction determines that any provision of this Agreement, including but not limited to any of the restrictive covenants contained either Section 8.3 or Section 16.5 hereof, are unenforceable as written for any reason, including for purposes of the restrictive covenants, reasons that the areas of restriction exceed the reasonable maximum time period, geographic area or scope, then the parties hereby request and authorize the arbitrator or court to “blue pencil” such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain in full force and effect.

If any lawful requirement or court order of any jurisdiction (a) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (b) makes any provision of this Agreement or any specification, standard or operating procedure we prescribed invalid or unenforceable, the advance notice and/or other action required or revised version of the specification, standard or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

17.2 Unilateral Waiver of Obligations.

Either of us may, by written notice, unilaterally waive or reduce any obligation or restriction of the other party under this Agreement. The waiver or reduction may be revoked at any time for any reason on ten (10) days prior written notice.

17.3 Written Consents from Franchisor.

Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

17.4 Reasonableness.

We both agree to act reasonably in all dealings with each other pursuant to this Agreement. Whenever the consent or approval of either party is required or contemplated hereunder, the party whose consent is required agrees not to unreasonably withhold the same, unless such consent is expressly subject to such party's sole discretion pursuant to the terms of this Agreement.

17.5 Duty of Good Faith.

This Agreement imposes upon both parties a duty of good faith in performance of this Agreement. “Good faith” as used herein means honesty in fact and the observance of reasonable standards of fair dealing in the restaurant industry.

17.6 No Guarantees.

If in connection with this Agreement, we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

17.7 No Waiver.

If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of this Agreement, or if there develops a custom or practice which is at variance with the terms of this Agreement, we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between the Franchisor and any franchisee will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments which are due to us under this Agreement. If, after expiration or termination of this Agreement, you continue to operate the Franchise or to perform your obligations under this Agreement, it will not be deemed to be a waiver by us or to constitute an implied contract or extension of this Agreement regardless of whether we accept payments, provide support to you, or otherwise perform our obligations.

17.8 Cumulative Remedies.

The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either of us from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

17.9 Specific Performance; Injunctive Relief.

Notwithstanding Section 17.10 below, each party reserves the right to seek injunctions or orders of specific performance in a proper case from a court of competent jurisdiction without being required to post a bond.

17.10 Arbitration.

Except insofar as we elect to enforce this Agreement pursuant to Section 17.9, and except for claims relating to the Marks, or to enforce Section 16.5 of this Agreement, all controversies, disputes or claims arising between the Franchisor, its Affiliates, officers, directors, agents, employees and attorneys (in their representative capacity) and the Franchisee, the owners and any guarantors of the Franchisee's obligations, arising out of or related to:

- (a) This Agreement or any provision thereof or any related agreement (except for any sublease with any Affiliates of the Franchisor);
- (b) The relationship of the parties hereto;
- (c) The validity of this Agreement or any related agreement, or any provision thereof; or

(d) Any specification, standard or operating procedure relating to the establishment or operation of the Franchise shall be subject to the following dispute resolution process:

(i) **Arbitration.** All controversies, disputes or claims which are subject to this Section 17.10 shall be submitted for binding arbitration by either party. The arbitration will be administered by the American Arbitration Association. If the American Arbitration Association should cease doing business during the term of this Agreement, including any renewals, we will notify you of our selection of another arbiter group. Such arbitration proceedings shall be conducted before one (1) arbitrator who is a member of the American Arbitration Association Panel of Franchise Arbitrators and shall be conducted in Denver, Colorado. Except as otherwise provided in this Agreement, the arbitration shall be conducted in accordance with the then-current commercial arbitration rules of the American Arbitration Association. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall have the right to award or include in the award any relief available and appropriate under the applicable law (as set forth in Section 17.16) and this Agreement. The award and decision of the arbitrators shall be conclusive and binding upon all parties to the arbitration and on no other parties, and judgment upon the award may be entered in any court of competent jurisdiction. The parties further agree that in connection with any such arbitration proceeding they shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within thirty (30) days after the date of the filing of the claim to which it relates.

The parties agree that arbitration shall be conducted on an individual basis. The parties agree further that arbitration shall not be conducted on a class-wide basis. In the event you control, are controlled by, or are in active concert with another Taco John's franchisee, or if there is a guarantor of some or all of your obligations to us, then we may join those parties to any arbitration allowed pursuant to this Section. The officers, directors, managers, partners or other agents or representatives of both you and us also may be joined in the arbitration.

This Section 17.10 shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

17.11 Franchisee's Right to Associate.

We will not restrict your ability to join and participate in any trade association of Taco John's franchisees nor will we retaliate against you for joining or participating in such an association. We will regularly consult with any such association which annually provides us with documentation demonstrating that it represents fifty percent (50%) or more of the then-current total of both franchised Taco John's Restaurants and Taco John's franchisees.

17.12 Limitations of Claims.

Any and all claims arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an action or legal or arbitration proceeding is commenced by the party asserting such claim within one (1) year from the date that such party knew or should have known of the facts giving rise to the claim.

17.13 Binding Effect.

This Agreement is binding on and will inure to the benefit of our successors and assigns and will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors and administrators.

17.14 Entire Agreement.

(a) This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim any representations made by us in the Franchise Disclosure Document delivered to you.

(b) This Agreement may be modified only by written agreement signed on behalf of the Franchisee by all named individual Franchisees and/or by the authorized officer or agent if the named Franchisee is an entity, and on behalf of us by our President or CEO, or, at our option, upon notice of the approval of a Super-Majority as defined in Section 17.14(c) below.

(c) This Agreement may be modified by us at our option whenever we and a Super-Majority, as hereinafter defined, of our franchisees agree to any such modification. A “Super-Majority” of our franchisees shall consist of the owners of at least 75 percent of all Taco John’s Restaurant franchises, or, if only a portion of Taco John’s Restaurant franchises are affected by the modification, at least 75 percent of those Taco John’s Restaurant franchises affected by the modification. Whenever a modification is approved by a Super-Majority, we may elect to treat the modification as effective to all franchisees or the applicable group thereof, including you, to the same extent and in the same manner as if the modification was unanimously approved by them, and regardless of whether you may or may not desire to be bound by the modification. We shall provide you with notice of any modification to this Agreement based on a Super-Majority approval at least 30 days prior to the date such modification is to be effective. By signing this Agreement, you appoint our officers as your attorneys in fact with irrevocable power and authority to execute any such modification so approved.

17.15 No Liability to Others; No Other Beneficiaries.

We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

17.16 Governing Law.

All disputes to be arbitrated will be governed by the Federal Arbitration Act (the “FAA”). Except to the extent governed by the FAA and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Wyoming and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Wyoming, which laws shall prevail in the event of any conflict of law.

18. MISCELLANEOUS

18.1 Construction and Definitions.

All headings of the various sections and paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. The term “Franchisee Affiliate” is any of your direct or indirect owners and any entity in which you or any of your owners own an interest, whether directly or indirectly. The term “Affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by us. The term “Control” or “Controlling Interest,” as used in this Agreement shall mean fifty-one percent (51%) or more of the general partnership interest of a partnership or the voting power of a corporation or limited liability company. The term “Immediate Family” as used in this Agreement means a person’s spouse, parents, siblings or natural or adopted children.

18.2 Joint and Several Liability.

If two or more persons are the Franchisee under this Agreement, their obligation and liability to us shall be joint and several.

18.3 Multiple Originals.

This Agreement will be executed using multiple copies, each of which will be deemed an original.

18.4 Timing Is Important.

Time is of the essence of this Agreement. This means that it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.

18.5 Independent Provisions.

The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

18.6 Delegation of Duties.

We have the right to delegate the performance of any portion or all of our obligations and duties hereunder to third parties from time to time.

18.7 Force Majeure.

Neither of us will be liable for loss or damage or deemed to be in breach of this Agreement if a failure or delay in performance results from: (a) transportation shortage, inadequate supply or unavailability from manufacturers or suppliers of equipment, food products, supplies, labor, material or energy, or the voluntary surrender of the right to acquire or use any of the foregoing in order to accommodate or comply with any order, request, regulation, recommendation or instruction of any federal, state or municipal government; (b) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state or municipal government; (c) Act of God; (d) viral or bacterial epidemic, declared pandemic, or other declared public health crisis; (e) fire, strike embargo, war, terrorism, riot, hurricane, tornado, earthquake; or (f) other similar event or cause beyond the control of either party whose performance was

prevented or delayed. Any delay resulting from any of these causes shall extend the time for performance or excuse performance, as may be reasonable, except that the causes shall not excuse payments of amounts owed at the time of the occurrence or payment of any amount due thereafter. A party seeking relief under this Section shall as soon as practicable notify the other party of its inability to perform.

19. NOTICES

All notices required or permitted to be given under this Agreement will be given in writing and deemed delivered by hand delivery; by certified mail with return receipt requested; by express mail or overnight delivery service that provides evidence of delivery or attempted delivery; or by e-mail or other electronic delivery system. When made to the Franchisee, notice will be addressed to the address or e-mail address set forth on the Addendum or, if none, to the registered agent or Restaurant address, at our option. If to the Franchisor, notice will be addressed to its principal place of business or the following e-mail address: tjilegal@tacojohns.com. Either party may change its address or e-mail address for notice from time to time by written notice to the other party in accordance with this Article. Notice will be deemed given three (3) days after depositing in the United States mail, postage prepaid; one (1) day after depositing in express mail or overnight delivery; when received by hand delivery; or with proof of delivery by e-mail or other electronic delivery system.

The parties to this Agreement now execute and deliver this Agreement in multiple counterparts on the dates indicated below. This Agreement shall not become effective until the Effective Date set forth in the Addendum.

TACO JOHN'S INTERNATIONAL, INC.

FRANCHISEE:

Heather Leed Neary, President & CEO

By: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

Date: _____

EXHIBIT I

ADDENDUM TO TACO JOHN'S INTERNATIONAL, INC. FRANCHISE AGREEMENT

This is an Addendum ("Addendum") to the Franchise Agreement (the "Agreement") by and between you, the undersigned franchisee, and Taco John's International, Inc. This Addendum modifies the terms of the Agreement and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum shall be controlling.

The parties agree as follows:

1. Concept and Type of Restaurant. The concept and type of Restaurant to be operated under this Agreement, pursuant to Section 2.1 of the Agreement, is as follows:

Traditional:

- ☐ Freestanding Building
- ☐ Endcap
- ☐ Drive Thru Olé Digital
- ☐ Drive Thru Olé Plus

Non-Traditional: ☐ (if checked, Exhibit V will apply)

2. Restaurant Location. The location of the Restaurant, referenced in the header paragraph and Section 2.1 of the Agreement, is _____.

3. Initial Term. The Initial Term of the Agreement, as referenced in Section 2.1 of the Agreement, shall be as follows:

- ☐ 20 years from the Effective Date of this Agreement
- ☐ 10 years from the Effective Date of this Agreement

4. Protected Territory. The Protected Territory of Restaurant referenced in in Section 2.3 of the Agreement is (check one):

- ☐ _____
- ☐ Not Applicable (Non-Traditional only).

5. Initial Franchise Fee. The Initial Franchise Fee, as referenced in Section 9.1 of the Agreement, will be the sum of \$_____, which is payable in full upon execution of this Agreement.

6. Grand Opening Marketing. The required amount Franchisee must spend on a grand opening marketing plan, as referenced in Section 9.5 of the Agreement, will be the sum of \$_____.

7. Effective Date. The Effective Date of this Agreement is _____.
8. Expiration Date: The expiration date of this Agreement is _____.
9. Notices. Pursuant to Section 19 of the Agreement, Franchisee's contact information for any Notice required or permitted to be given under the Agreement is:

Franchisee Name: _____

Contact Person: _____

Address _____

E-Mail _____

10. Other terms (if appropriate).

Executed by the parties on the date indicated below their respective signatures.

TACO JOHN'S INTERNATIONAL, INC.

FRANCHISEE:

Heather Leed Neary, President & CEO

By: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

Date: _____

EXHIBIT II
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS



**AUTHORIZATION AGREEMENT FOR
DIRECT PAYMENTS (ACH)**

Name: _____
(Individual, Company, Partnership, Corporation, Limited Liability Company)

Depository Information:

Name: _____

Branch: _____

City: _____ **State:** _____ **Zip Code:** _____

Routing number _____

Account number _____

Account type (DDA or Savings) _____

I hereby, authorize Taco John's International, Inc. to initiate variable entries to my bank account indicated above at the depository financial institution identified. In the event that any debit to the account is returned for any reason, I authorize TJI to initiate a debit to the account for the original debit amount plus any associated returned item fee. This authority is to remain in full force and effect until TJI has received written notification from me of its termination in such time and manner as to afford TJI a reasonable opportunity to act on it.

Name/Title: _____

Date: _____

(Signature)

Name/Title: _____

Date: _____

(Signature)

Please

- **Complete and sign form**
- **Attach a copy of a voided check**
- **Return to:**
Taco John's International, Inc.
Attn: Patty Webb
808 West 20th Street, Suite 200
Cheyenne, WY 82001
accounting@tacojohns.com

EXHIBIT III

STATEMENT OF OWNERSHIP

CURRENT STRUCTURE, OWNERSHIP AND MANAGEMENT OF FRANCHISEE

Franchisee: _____ City/ST: _____

Form of Ownership

(Check One)

☐ Individual ☐ Partnership ☐ Limited Liability Company ☐ Corporation ☐ Other (Describe) _____

If owned **individually or in a partnership**, provide the name and address of each individual or partner, showing percentage owned; whether that person is active in management; and for partnerships, the state in which the partnership was formed.

Date of formation: _____ State of formation: _____

NAME	ADDRESS	PERCENT OWNED	ACTIVE IN MANAGEMENT

(continue on additional sheets as necessary)

If a **limited liability company, or other type of business entity**, give the state and date of organization, and list the names, addresses and ownership interest percentage of each member, and whether that person is active in management.

Date of formation: _____ State of organization: _____

MEMBER NAME	ADDRESS	PERCENT OF OWNERSHIP	ACTIVE IN MANAGEMENT

(continue on additional sheets as necessary)

If a **corporation**, provide the state and date of incorporation, the names and addresses of each officer and director, and the names and addresses of every shareholder showing what percentage of stock is owned by each, and whether that person is active in management.

Date of incorporation: _____ State of incorporation: _____

STOCK OWNER NAME	ADDRESS	PERCENT OF SHARES OWNED	ACTIVE IN MANAGEMENT

(continue on additional sheets as necessary)

Any and all changes to the above information must be reported to Company in writing.

Below are the names, addresses, titles, and telephone numbers (if applicable) of each of Franchisee's principal officers, partners, managers, or individuals who will devote their full-time efforts to the operation of the franchised business.

NAME	ADDRESS	TITLE	TELEPHONE

Date

Signature

Print name (and title if applicable)

EXHIBIT IV

GUARANTY

In consideration of, and as an inducement to, the execution by Taco John's International, Inc. ("we" or "us") of the Franchise Agreement (the "Agreement") with _____ (the "Franchisee"), for a franchise to be located at/in _____, each of the undersigned ("you," for purposes of this Guaranty only) hereby personally and unconditionally (1) guarantees to us and our successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement including, without limitation, monetary obligations and the obligations to take or refrain from taking certain actions.

You waive (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against the Franchisee or any other person as a condition of your liability; (3) all right to payment or reimbursement from, or subrogation against, the Franchisee which you may have arising out of your guaranty of the Franchisee's obligations; and (4) any and all other legal or equitable defenses to which you may be entitled in your capacity as guarantor.

You consent and agree that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if the Franchisee fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against the Franchisee or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to the Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claim or by the addition of any rider to the Agreement or any other amendment to the Agreement accepted by the Franchisee; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and afterward for so long as the Franchisee has any obligations under the Agreement.

You agree to be bound by the restrictive covenants and confidentiality provisions contained in Article 8 and Section 16.5 of the Agreement and the indemnification provisions contained in Section 7.3 of the Agreement.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Guaranty, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

This Guaranty is now executed as of the Effective Date of the Agreement.

GUARANTOR

GUARANTOR

GUARANTOR

GUARANTOR

EXHIBIT V

NON-TRADITIONAL FACILITY RIDER

This Non-Traditional Facility Rider ("Rider") is made this ____ day of _____, _____ by and between _____ ("Franchisee") and Taco John's International, Inc. ("Franchisor").

In the event of any conflicts between the Taco John's Franchise Agreement dated _____, _____ (the "Franchise Agreement") and the terms of this Rider, the terms of this Rider shall control. This Rider amends and supplements the Franchise Agreement, and all terms and condition contained therein remain in full force and effect, except as may be modified by the paragraphs set forth below.

1. The first sentence of the third paragraph of Article 1 of the Franchise Agreement is deleted and the following inserted in its place:

This Agreement is being presented to you because you desire to obtain the right to develop, own and be franchised to operate a Taco John's Restaurant at a non-traditional location, as defined in Section 2.3(c) below. You acknowledge that the signs, equipment installation and configuration, size and appearance of this Restaurant may differ from that of a traditional free-standing Taco John's restaurant.

2. The following is added to Section 2.1 of the Franchise Agreement:

You agree that this grant is for a Restaurant to be located at a non-traditional location. For purposes of this Agreement, the Premises shall include the real estate, site, building, improvements, and the Common Areas. "Common Areas" means the areas of the Premises which may be shared by the Restaurant and the other businesses operated on the Premises, if any, including but not limited to seating areas, parking, restrooms, garbage and storage areas.

3. Sections 2.3(a), 2.3(b), 2.3(c), 2.3(d), and 2.3(e) are deleted in their entirety. It is understood that Franchisee shall not receive any Protected Territory for its Restaurant. Unless otherwise deleted or modified in this Rider, all references to a "Protected Territory" throughout the Franchise Agreement shall mean the Premises.

4. Section 2.4(a)(ii) is deleted with the following substituted in its place:

(ii) you are unable to maintain possession of the Premises and you secure substitute premises at a non-traditional location which comply with the specifications and standards then applicable under new or renewal franchises for Taco John's Restaurants to be operated at a non-traditional location and which we have accepted;

5. Section 7.3 of the Franchise Agreement is deleted with the following inserted in its place:

7.3 Indemnification.

We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages or contractual liabilities to any person or property directly or indirectly arising out of the possession, ownership or operation of the Restaurant, the Common Areas and the other businesses operated on the Premises, or for any claims or demands for damages to property, or for injury, illness or death of persons directly or indirectly resulting therefrom, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any taxes levied against you or your assets or on us in connection with the business you conduct, or any payments you make to us pursuant to this Agreement or any Franchise Agreement (except for our own income taxes). You agree to indemnify us, defend and hold us, our Affiliates, shareholders, directors, officers, employees, agents and their respective assignees, harmless against and to reimburse us for all such obligations, damages, and taxes for which we are held liable and for all costs we reasonably incur in the defense of any such claim brought against us or in any such action in which we are named as a party, including, without limitation, actual and consequential damages, reasonable attorneys', accountants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. However, your obligation to indemnify, defend and hold us harmless will not apply to any damages, costs or expenses which result from any actions taken by you in strict compliance with the then-current Operations Manual or any other then-current specification, standard, procedure, guidance, assistance or instruction we have given you or which result from our or our agents' negligence or willful or reckless misconduct. Your indemnification obligations described above will continue in full force and effect after the expiration or termination of this Agreement. We have the right to defend any such claim against us.

6. The first paragraph of Section 9.3 of the Franchise Agreement is deleted with the following inserted in its place:

9.3 Advertising and Marketing Fee.

You agree to pay to us for deposit in an Advertising Fund an "Advertising and Marketing Fee" equal to two percent (2%) of the Net Sales of the Restaurant. The Advertising and Marketing Fee is payable in the same manner as the Royalty. The Advertising and Marketing Fee will be used in the manner described in Article 11.

7. The following paragraphs are added to Section 10.2 of the Franchise Agreement:

If the Restaurant shares a common storage area with any other business operated on the Premises, you will maintain the common storage area in accordance with our standards for cleanliness and repair. If there is only one restroom facility located on the Premises, it shall be maintained in accordance with our standards for cleanliness and repair.

If the Premises include another restaurant concept, the drive-thru window, if any, on the Taco John's side of the Premises shall only service Taco John's customers with Taco John's approved products. If the other concept has a drive-thru window, it may not be used to distribute Taco John's products.

8. Section 10.3 of the Franchise Agreement is deleted with the following inserted in its place:

Provided that you are in substantial compliance with the provisions of this Agreement, if you lose the right to possession of the Premises through no fault on your part or if the Premises are destroyed, condemned or otherwise rendered unusable, or if you request the relocation of your Restaurant and, in our reasonable judgment, the existing site for the Restaurant does not meet our then-current standards and specifications for sites for Taco John's Restaurants, we will grant permission for the relocation of the Restaurant to an alternate non-traditional location and site which meets our then-current site criteria for Taco John's Restaurants located at non-traditional locations and is approved by us. If we agree on the relocation of the Restaurant, you agree to expeditiously develop the alternate site in compliance with our then-current specifications and requirements for Taco John's Restaurants, all at your sole cost and expense, and to open the relocated Restaurant within one hundred fifty (150) days after receiving our permission to relocate, unless otherwise agreed to by us. You agree to de-identify, to our standards, the vacated location within 30 days of relocation. We may, at our option, charge you for our actual costs and expenses in connection with the relocation of the Franchise which in no event will exceed fifteen percent (15%) of the then-current Initial Franchise Fee for Taco John's Restaurant franchisees.

9. Section 10.4(i) of the Franchise Agreement is deleted with the following inserted in its place:

(i) You agree to purchase and maintain, at your own cost and expense from an approved vendor, the specific electronic cash register, kitchen video monitors, receipt printers, and a drive-thru speed of service timing system and headset system if your Restaurant has a drive-thru (the "Point of Sale System"), along with the computer hardware, software, Internet connections and service, required dedicated power lines, and other computer related accessories, peripherals and equipment necessary to support the Point of Sale System, firewall and security service, and the required back of the house information system (which includes the specific computer and software required to manage inventory, purchasing and other back of house functions) we specify from time to time (collectively, with the Point of Sale system, the "Computer System") with at least the minimum specifications we require from time to time for use in operating the Restaurant. Your Computer System must be set up in accordance with our specifications to record all sales information in connection with the Restaurant and to comply with your reporting requirements to us. Your Computer System must also be capable of processing credit card and debit card payment and complying with PCI DSS standards as described in Section 10.4(g). We may require you to upgrade, at your expense, any part or all of the Computer System when deemed necessary by us. We may also change the required Point of Sale System or other elements of the Computer System from time to time in our discretion, and you will be required to acquire any updated system at your sole expense. You must enter into any contracts required by the company that oversees these systems and services and you must pay the fee for those systems and services to us or the supplier, as we designate. Upon one hundred eighty (180) days' notice to you, we may establish and require you to use a financial reporting system provided by us or our designated supplier that allows for automatic delivery of your Net Sales reports and other data, information, and records we require, in which case you must pay the fee charged for that service to us or the supplier, as we designate, and that fee is subject to change upon notice from us or the supplier. While we currently do not have a Taco John's e-mail address system for franchisees, if we create

a Taco John's e-mail system, we may require you use the Taco John's e-mail address we designate for your business. For any non-compliance with this subsection 10.4(i), you may be subject to a non-compliance fee as set forth in Section 9.11.

10. The following paragraph is added at the end of Section 10.4 of the Franchise Agreement:

Employees (i) shall not wear Taco John's restaurant uniforms when working at any other business operated on the Premises, and (ii) shall not be assigned to work at the Restaurant and at any other business operated on the Premises contemporaneously during any shift of work hours.

11. Section 11.1(d) is deleted and the following inserted in its place:

(d) If you are required to join a local or regional Advertising Cooperative, the Advertising Fund will contribute to the Advertising Cooperative in an amount at least equal to the lesser of the Advertising and Marketing Fee you have paid or one percent (1%) of your total net sales from time to time, to be used for media placement in your DMA, as defined below.

12. Section 16.5 is deleted with the following inserted in its place:

On termination or expiration of this Agreement in accordance with its terms, the Franchisee and the owners agree that, for a period of two (2) years after the effective date of termination or the date on which you start complying with this covenant, whichever is later, neither you nor your owners will have any direct or indirect interest (through a member of your immediate Family or that of an owner, or otherwise) as a disclosed or beneficial owner, investor, manager, or consultant, in any Competitive Business (as defined in Section 8.3) which is located or operating within five (5) miles of the Protected Territory or within five (5) miles of the Premises of any other Taco John's Restaurant.

This Rider is effective as of the date first above set forth.

FRANCHISOR:

FRANCHISEE:

TACO JOHN'S INTERNATIONAL, INC.

By: _____
Heather Leed Neary, President & CEO

By: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

EXHIBIT VI

RIDERS TO THE FRANCHISE AGREEMENT FOR SPECIFIC STATES

If any one or more of the following Riders to the Franchise Agreement for Specific States (“Riders”) is checked as an “Applicable Rider” below, then that Rider shall be incorporated into the Franchise Agreement entered into by Taco John’s International, Inc. and the undersigned Franchisee. To the extent any terms of an Applicable Rider conflict with the terms of the Franchise Agreement, the terms of the Rider shall supersede the terms of the Franchise Agreement.

APPLICABLE RIDER:

- | | |
|-------------------------------------|---------------------------------------|
| ☐ California | ☐ North Dakota |
| ☐ Illinois | ☐ South Dakota |
| ☐ Indiana | ☐ Virginia |
| ☐ Minnesota | ☐ Washington |
| ☐ New York | ☐ Wisconsin |

TACO JOHN’S INTERNATIONAL, INC.

FRANCHISEE:

Heather Leed Neary, President & CEO

By: _____

Name: _____
(Print Name)

Its: _____
(Print Title)

Date: _____

Date: _____

CALIFORNIA RIDER TO FRANCHISE AGREEMENT

1. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS RIDER TO FRANCHISE AGREEMENT

1. **Introduction.** The first two sentences of the fifth paragraph in Section 1 of the Franchise Agreement are hereby deleted in their entirety.

2. **Limitations of Claims.** The following phrase is added at the beginning of Section 17.12:

Except for any claims arising under the Illinois Franchise Disclosure Act which will be governed thereby,...

3. **Entire Agreement.** The first sentence of Section 17.14 is deleted and the following is inserted in its place:

This Agreement, together with the introduction, exhibits and Franchise Disclosure Document, constitute the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement.

4. **Governing Law.** Section 17.16 is hereby deleted and the following is inserted in its place:

All disputes to be arbitrated will be governed by the Federal Arbitration Act (the "FAA"). Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement will be interpreted under the laws of the State of Illinois.

5. **Illinois Law.** Section 41 of the Illinois Franchise Disclosure Act states that "Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."

INDIANA RIDER TO FRANCHISE AGREEMENT

1. **Conditions for Approval of Transfer.** The following statement is added at the end of Section 14.4(i):

, excluding only such claims as Franchisee may have that have arisen under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.

2. **Termination of the Franchise, By Franchisor.** Section 15.2(k) is amended by adding the following language:

, except as provided in Indiana Code §23-2-2.7-1(7).

3. **Entire Agreement.** The first sentence of Section 17.14 is deleted in its entirety and the following is substituted in its place.

This Agreement, together with the introduction and exhibits to it and the Franchise Disclosure Document, constitute the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement.

4. **Governing Law.** Section 17.16 is deleted and the following is inserted in its place:

All disputes to be arbitrated will be governed by the Federal Arbitration Act (the “FAA”). Disputes related to a violation of the Indiana Franchises Act or the Indiana Deceptive Franchise Practices Act shall be governed thereby. Otherwise, except to the extent governed by the FAA and the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.) or other federal law, this Agreement shall be interpreted under the laws of the state of Wyoming and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Wyoming, which laws shall prevail in the event of any conflict of law.

MINNESOTA RIDER TO FRANCHISE AGREEMENT

1. **Limitation of Claims.** The following phrase is added at the beginning of Section 17.12:

Except for any claims arising under the Minnesota Statutes 1984, Chapter 80C, which will be governed thereby,

2. **Addition of Paragraphs.** The following is added to the Franchise Agreement:

Minnesota law provides franchisees with certain termination and non-renewal rights. Minn. Stat. §80C.14 Subd. 3, 4 and 5 require, except in certain specified case, that a franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one-hundred eighty (180) days’ notice for non-renewal of the Agreement. To the extent that any provisions of this Agreement are inconsistent with such Minnesota law, such law shall control.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

NEW YORK RIDER TO FRANCHISE AGREEMENT

1. **Initial Training and Certification.** The second to last sentence of Section 4.1(a) is deleted in its entirety and the following sentence is substituted in its place:

The training program will include classroom instruction and restaurant operation training and will be furnished at a Taco John's Restaurant we designate.

2. **Operations Manual.** Section 5.2(c) is amended by adding the following sentence:

Modifications to the Operations Manual will not unreasonably affect your obligations, including economic requirements, under the Agreement.

3. **Indemnification.** The following sentence is added at the end of Section 7.3:

However, you shall not be required to indemnify us for any liability which arises as a result of our breach of this Agreement or other civil wrongs committed by us.

4. **Transfer by Franchisor.** The following sentence is added at the end of Section 14.2:

However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.

5. **Transfer by Franchisee.** Section 14.4(i) is amended by adding the following language:

; provided however, that all rights enjoyed by you and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.

6. **Governing Law.** The following sentence is added at the end of Section 17.16:

The foregoing choice of law should not be considered a waiver of any right conferred upon Franchisee by the General Business Law of the State of New York, Article 33. This language has been included in this Agreement as a condition to registration. Franchisor and Franchisee do not agree with the above language and believe that each of the provisions of the Agreement, including all choice-of-law provisions, are fully enforceable. Franchisor and Franchisee intend to fully enforce all of the provisions of the Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

NORTH DAKOTA RIDER TO FRANCHISE AGREEMENT

1. **Transfer by Franchisee.** The following is added at the end of Section 14.4 (i):

(Any release executed in connection herewith will not apply to any claims that may arise under the North Dakota Franchise Investment Law.)

2. **Addition of Paragraphs.** The Franchise Agreement is amended by adding the following paragraphs:

The Securities Commission has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

Sites of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisees' business. (This language has been included in this Agreement as a condition to registration. Franchisor and Franchisee do not agree with the foregoing language and believe that each of the provisions of the Agreement, including all arbitration provisions, are fully enforceable. Franchisor and the Franchisee intend to fully enforce all of the provisions of the Agreement and all other documents signed by them, including but not limited to, all arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act. If there is a valid and legal restriction of the North Dakota Securities Commissioner to prohibit the parties from agreeing to a site of arbitration in Denver, Colorado, then the arbitration proceedings under Section 17.10(d) shall be conducted at a place mutually agreed upon by the parties.)

Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

Liquidated Damages and Termination Penalties: Requiring North Dakota Franchisees to consent to liquidated damages or termination penalties.

Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

SOUTH DAKOTA RIDER TO FRANCHISE AGREEMENT

1. **Acknowledgments.** The following language is added to Section 1 of the Franchise Agreement:

Pursuant to SDCL 37-5B, any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

VIRGINIA RIDER TO THE FRANCHISE AGREEMENT

1. **Termination of the Franchise, By Franchisor.** The following language is added to the end of Section 15.2:

Pursuant to Section 13.1 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in this Agreement does not constitute “reasonable cause,” as that term is defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON RIDER TO FRANCHISE AGREEMENT

1. **Addition of Paragraphs.** The following paragraphs are added to the end of the Agreement:

In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder, the Franchise Agreement of Taco John's International, Inc. shall be modified as follows:

The State of Washington has a statute, RCW 19.100.180, which may supersede the Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Agreement in your relationship with us including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator, but only if there is a valid and legal restriction under the Washington Franchise Investment Protection Act (the “Act”) to prohibit Franchisee and Franchisor from agreeing to a site of arbitration in Denver, Colorado. However, Franchisee and Franchisor do not agree that this is a valid and legal restriction under the Act, and, unless this restriction is found to be valid and legal, the parties agree that arbitration shall take place in Denver, Colorado in accordance with this Agreement.

Franchisee and Franchisor believe that each of the provisions of this Agreement, including all venue provisions, are fully enforceable. Franchisee and Franchisor intend to fully enforce all of the provisions of this Agreement and all other documents signed by Franchisee and Franchisor, including but not limited to, all venue, choice-of-law, arbitration provisions, and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WISCONSIN RIDER TO FRANCHISE AGREEMENT

1. **Termination of the Franchise, By Franchisor.** The following is added to Section 15.2 of the Franchise Agreement.

The conditions under which this Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

ATTACHMENT B
AREA DEVELOPMENT AGREEMENT

Developer

032924

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EXHIBITS

I ADDENDUM TO AREA DEVELOPMENT AGREEMENT

TACO JOHN'S INTERNATIONAL, INC.

AREA DEVELOPMENT AGREEMENT

This Area Development Agreement (this "Agreement") is made, entered into and effective as of the date determined in accordance with Section 12.G of this Agreement (the "Effective Date"). The parties to this Agreement are you, the undersigned, as the Developer, and us (Taco John's International, Inc., a Wyoming corporation). This Agreement is for a Taco John's Restaurant to be located at the address listed on the Addendum to Area Development Agreement attached as Exhibit I (the "Addendum").

1. INTRODUCTION

This Agreement has been written in an informal style to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations this Agreement covers before you sign it. In this Agreement, we refer to Taco John's International, Inc. as "we" or "TJI." We refer to you as "you," or the "Developer." If the Developer is a corporation or a partnership, you will notice certain provisions that are applicable to its shareholders or partners, upon whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "owners."

We have a system for the establishment and operation of Mexican food restaurants, which we will refer to in this Agreement collectively as "Taco John's Restaurants" or "Restaurants," or individually as a "Taco John's Restaurant" or a "Restaurant." Taco John's Restaurants operate utilizing distinctive recipes, interiors and exteriors, color schemes, fixtures and equipment, which we refer to in this Agreement as the "System" and which we may modify, develop and supplement from time to time. We identify the System by the use of certain trademarks, service marks and other commercial symbols, including the mark TACO JOHN'S®, and certain associated designs, artworks and logos, which we may change or add to from time to time (the "Marks").

This Agreement is being presented to you because you desire to obtain the right to develop, own and be franchised to operate multiple Taco John's Restaurants. In signing this Agreement, you acknowledge your understanding of the importance of our standards and the necessity of complying with our standards and specifications in developing and opening multiple Taco John's Restaurants. You also acknowledge that you have conducted an independent investigation of the Taco John's Restaurant business, you have had ample opportunity to seek independent advice and recognize that, like any other business, the nature of it may change over time, that an investment in a Taco John's Restaurant involves business risks, and that the success of this business venture is primarily dependent on your business abilities and efforts.

We expressly disclaim making, and you acknowledge that you have not received or relied on, any information as to the revenues, profits, or likelihood of success of the Taco John's Restaurant venture contemplated by this Agreement, other than as set forth in our Franchise Disclosure Document. You acknowledge that there have been no representations by us or our officers, directors, shareholders, employees, or agents, that are inconsistent with the statements made in our Franchise Disclosure Document or the provisions of this Agreement. You further represent to us, as an inducement to our entering into this Agreement with you, that there have been no misrepresentations to us in your application for the rights granted by this Agreement or in the financial information provided by you and your owners.

2. DEVELOPMENT AREA

A. Subject to the terms and conditions of this Agreement and Developer's continuing performance hereof, we grant to you the exclusive right to establish the number of Taco John's Restaurants specified in the Addendum to this Agreement attached hereto as Exhibit I (the "Addendum") and incorporated herein by reference, in the area also specified in the Addendum (the "Development Area"). Developer accepts this grant and undertakes the obligation to develop and operate the Taco John's Restaurants in compliance with our standards.

B. Each Taco John's Restaurant shall be established and operated pursuant to a separate Franchise Agreement to be entered into between the parties. The term "Franchise Agreement" means the then-current form of Franchise Agreement used by us for granting franchises to Taco John's Restaurant franchisees, including all ancillary documents we may require. Developer agrees to comply with the terms of all Franchise Agreements between TJI and Developer as a part of its obligations hereunder and acknowledges that failure to execute and comply with its Franchise Agreements is a breach of this Agreement. Upon the execution of each Franchise Agreement, the terms and conditions of each Franchise Agreement shall control the establishment and operation of the applicable Taco John's Restaurant. The parties acknowledge that the Franchise Agreement governing the operation of Franchisee's first Taco John's Restaurant to be opened hereunder (the "Initial Franchise Agreement") is being executed concurrently with this Agreement.

C. We will not establish, nor will we grant a franchise to any other party to establish, additional Taco John's Restaurants using the Marks and System anywhere within the Development Area during the term, as defined in Article 6 below, of this Agreement, except with your written permission. Notwithstanding the foregoing, there may be existing Franchise Agreements in effect as of the date of this Agreement under which we have granted rights to third parties to operate Taco John's Restaurants in the Development Area (the "Existing Restaurants"). You agree and acknowledge that the Franchise Agreements for such Existing Restaurants may remain in effect, and nothing in this Agreement shall prevent, prohibit, or restrict the operations of such Existing Restaurants. We may renew the Franchise Agreements or enter into successor Franchise Agreements for any Existing Restaurants. In addition, subject to the exclusivity set forth in Section 2.A above, all rights reserved to us in each of the Franchise Agreements executed hereunder are reserved under this Agreement.

D. Provided you are in full compliance with this Agreement, including the Development Schedule, defined in Section 4.A below, and with each Franchise Agreement executed pursuant to this Agreement, commencing on the date on which you execute a Franchise Agreement for the last of your Taco John's Restaurants to be developed hereunder and for a period of two years thereafter (the "Exercise Period"), we grant to you a right of first refusal to establish and operate additional Taco John's Restaurants in the Development Area in excess of the number of Taco John's Restaurants specified in the Development Schedule, in accordance with this Section 2.D. If we identify a location for a third party who desires to establish and operate a Taco John's Restaurant in the Development Area, or if we identify a location in the Development Area that we believe to be suitable for development of a company or affiliate-owned Taco John's Restaurant (in each case, a "Subsequent Restaurant Location"), we will first offer you the right to acquire a franchise for the Subsequent Restaurant Location under the terms and conditions of our then-current Franchise Agreement for a Taco John's Restaurant, including the initial franchise fee set forth therein. Such offer shall expire thirty (30) days after notice of such offer is given to you (the "**Offer Period**"). If you do not sign our then-current Franchise Agreement for the Subsequent Restaurant Location prior to the expiration of the

Offer Period, this right of first refusal shall expire and we will be entitled to operate or grant a franchise for the operation of a Taco John's Restaurant at such Subsequent Restaurant Location, as applicable. You will have this right of first refusal for all Subsequent Restaurant Locations during the Exercise Period for so long as you have exercised your rights to acquire all prior Subsequent Restaurant Locations offered to Developer under this Section 2.D. If you refuse or decline to acquire a franchise for a Subsequent Restaurant Location, this right of first refusal shall expire and be null and void as to all future Subsequent Restaurant Locations in the Development Area and you will have no right to prevent or prohibit us from operating or granting a franchise for a Taco John's Restaurant in the Development Area. Upon the expiration of the Exercise Period, we may resume adding franchised or our own Taco John's Restaurants in the Development Area to the extent permitted by the terms of the Franchise Agreements then in effect for Taco John's Restaurants located in the Development Area.

E. This Agreement is not a franchise agreement and we do not grant you any franchise rights or other similar rights to use the Marks or System under this Agreement. You have no rights to license or subfranchise others to use the Marks or System. Other than the right to enter into Franchise Agreements, nothing in this Agreement grants you the right to enter into any agreement with respect to the Marks or System.

3. DEVELOPMENT FEE

A. Concurrently with the execution of this Agreement, you will pay us as consideration for the development rights granted herein, an amount set forth in the Addendum ("Development Fee") equal to \$5,000.00 for each Taco John's Restaurant to be opened hereunder.

B. We will credit \$5,000.00 of the Development Fee to the initial franchise fee ("Initial Franchise Fee") due under the Initial Franchise Agreement governing Developer's first Taco John's Restaurant to be opened hereunder and for each subsequent Taco John's Restaurant to be developed under this Agreement (each, a "Subsequent Franchise Agreement"), which shall be in the amount determined in accordance with Section 3.C below.

C. Regardless of any increases made to the Initial Franchise Fee generally for the franchise system in the future, the Initial Franchise Fee for each Subsequent Franchise Agreement signed hereunder shall be in the amount of the Initial Franchise Fee applicable for that type of Taco John's Restaurant as of the date of the Initial Franchise Agreement. If the Restaurant to be opened under such Subsequent Franchise Agreement is a traditional Taco John's Restaurant, the Initial Franchise Fee for that Subsequent Franchise Agreement shall be reduced by \$5,000.

D. The balance of the Initial Franchise Fee for each Taco John's Restaurant to be developed hereunder will be due in accordance with the terms of the applicable Franchise Agreement for the Taco John's Restaurant to be developed, provided that if you have not signed a Franchise Agreement for the applicable Taco John's Restaurant by the date set forth in the Development Schedule, as defined below, for that particular Taco John's Restaurant, the balance of the Initial Franchise Fee will be due in full on the date set forth in the Development Schedule for the applicable Taco John's Restaurant.

E. Other than to have applied the portions of the Development Fee to a portion of the Initial Franchise Fee for each Franchise Agreement to be executed pursuant to this Agreement, the amounts paid pursuant to this Agreement are nonrefundable once paid. Under no circumstances will you be entitled to a refund, return or rebate of any portion of Development Fee paid hereunder.

4. DEVELOPMENT SCHEDULE AND MANNER OF EXERCISING DEVELOPMENT RIGHTS

A. You will be bound by and strictly follow the schedule for developing the Taco John's Restaurants set forth in the Addendum (the "Development Schedule"). Time is of the essence. By the date set forth under the Development Schedule for each applicable Taco John's Restaurant, you must exercise your development rights by entering into a Franchise Agreement with us for that Taco John's Restaurant. If you request an extension to the Development Schedule and we agree to grant that extension, you may be charged a non-refundable extension fee in the amount of \$2,500 for each Restaurant that is granted an extension. Further, you shall yourself continuously maintain in operation at least the number of Taco John's Restaurants set forth on the Development Schedule.

B. You will exercise your right for development of each Taco John's Restaurant by giving us written notice of your intention to develop such Taco John's Restaurant at least 45 days in advance of the deadline set forth in the Development Schedule for executing each Franchise Agreement. Subject to our approval, you must execute the then-current form of Franchise Agreement for the particular Taco John's Restaurant and pay the balance of the Initial Franchise Fee due at that time by the deadline set forth in the Development Schedule. We will execute a Franchise Agreement with you only if you are in compliance with all requirements and obligations of this Agreement and all other agreements between the parties, including the other individual Franchise Agreements. You acknowledge and agree that we will have the right to refuse to offer you the right to enter into a Subsequent Franchise Agreement if we believe, in our sole discretion, that you do not have sufficient financial resources or other ability to properly develop and operate the proposed subsequent Taco John's Restaurant.

C. Each Subsequent Franchise Agreement to be executed by you for each Taco John's Restaurant to be developed hereunder shall be in the form of Franchise Agreement then generally being offered to franchisees by us, which may contain terms substantially different than the terms of the Initial Franchise Agreement and earlier Subsequent Franchise Agreements. Notwithstanding the foregoing, we agree that the Initial Franchise Fee to be charged to you under each Subsequent Franchise Agreement shall be determined in accordance with Section 3.C above. You acknowledge that we have the right, however, to charge the then current rates for all other initial fees and deposits, the royalty fees, product purchases, advertising contributions, and other fees, products and services offered to franchisees generally, or you specifically.

5. DEVELOPMENT EXECUTIVE

You agree to designate, in writing, an individual (hereinafter referred to as the "Development Executive") who will be personally responsible for your development activities during the term of this Agreement, and who will devote his or her best efforts to the development of Taco John's Restaurants in the Development Area. You agree that the Development Executive shall be an owner, shareholder or partner of your business.

6. TERM

Unless sooner terminated in accordance with Article 7 of this Agreement, subject only to the right of first refusal set forth in Section 2.D of this Agreement, which shall survive the expiration hereof, the term of this Agreement and all rights granted to Developer shall expire on the earlier of (i) the date on which you execute the Franchise Agreement for the last of your Taco John's Restaurants

to be developed hereunder; or (ii) the date of the deadline set forth in the Development Schedule for you to execute the Franchise Agreement for the last of your Taco John's Restaurants to be developed hereunder.

7. DEFAULT AND TERMINATION

A. The rights granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in this Agreement, including, without limitation, the condition that you strictly comply with the Development Schedule and each of your Franchise Agreements.

B. You shall be deemed in default and this Agreement may be terminated by us in the following circumstances:

(i) You default on any term or condition of this Agreement and fail to cure such default after 30 days written notice to you; including without limitation, the failure to execute the required Franchise Agreements or maintain and operate the number of Taco John's Restaurants required by the Development Schedule set forth in the Addendum; or

(ii) You are in default under any of the Franchise Agreements executed in furtherance of this Agreement or any other agreement between us and you or any of your affiliates and fail to cure such default within the time periods specified in such other agreements.

C. Upon termination of this Agreement pursuant to Section 7.B above, all remaining development rights and the right of first refusal granted to you under this Agreement shall automatically be revoked and shall be null and void. You shall not be entitled to any refund of any portion of the Development Fee under any circumstances. You shall have no right to establish or operate any Taco John's Restaurant for which a Franchise Agreement has not been executed by the parties.

D. If this Agreement is terminated solely pursuant to Section 7.B.(i) above, TJI and Developer agree that such termination shall not constitute a default or result in a termination of any Franchise Agreements executed between the parties in effect as of the date of termination of this Agreement. In that case, those Franchise Agreements shall continue in full force and effect notwithstanding the termination of this Agreement. TJI and Developer agree that any statements to the contrary in the Franchise Agreements executed by them, including any cross-default and cross-termination provisions, will be inapplicable in the situation of a termination of this Agreement based solely on Developer's failure to meet the Development Schedule.

E. No right or remedy herein conferred upon or reserved by TJI is exclusive of any other right or remedy provided or permitted by law or equity.

F. In the event of expiration or termination of this Agreement for any reason, you will remain subject to the provision of Article 9 of this Agreement regarding restrictive covenants and all other provisions of this Agreement that by their terms are intended to survive expiration and/or termination of this Agreement, and all terms and conditions of any and all Franchise Agreements executed in furtherance of this Agreement, whether or not any of such Franchise Agreements have been terminated prior to the termination of this Agreement.

8. TRANSFERABILITY

A. This Agreement is fully assignable by us and will inure to the benefit of any assignee or other legal successor in interest. If we assign this Agreement to a third party who expressly assumes our obligations under this Agreement, we will be relieved from any performance or other obligations under this Agreement.

(i) This Agreement is entered into by us with specific reliance upon your personal experience, skills, and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and shall remain personal to you and you will not consent to or undertake a Transfer, as defined below, without our prior written consent, which consent can be withheld or conditioned in our sole and absolute discretion. As used herein, the term "Transfer" shall mean any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any ownership interest in it, or any rights or obligations arising under it, or of any material portion of Developer's assets, or of any interest in Developer. Our consent to the Transfer under this Agreement may be subject to the same conditions for a Transfer of the Franchise Agreement most recently executed between TJI and Developer, except that a different transfer fee will apply as stated below.

B. A condition of our approval of a Transfer of this Agreement is that you will Transfer all of your interest under this Agreement. You will not be permitted to Transfer any portion of this Agreement, such as the development rights of a particular Restaurant, separate and apart from the remainder of this Agreement. We will not approve any Transfer of this Agreement without the Transfer of the rights to all Franchise Agreements entered into between TJI and Developer hereunder. You and the transferee shall comply with the requirements under each Franchise Agreement entered into between TJI and you for the Transfer of each such Franchise Agreement, including the payment of the applicable transfer fee and any other fees due for each Franchise Agreement.

C. In the event of any proposed Transfer of this Agreement as described herein, you and/or the proposed transferee shall pay to us, in addition to any fees that apply related to the Transfer of any Franchise Agreements, a development rights transfer fee equal to one-half of the transfer fee set forth in our then-current form of Franchise Agreement as of the date of the Transfer for each Taco John's Restaurant remaining to be developed under this Agreement as of the date of the Transfer (the "Development Rights Transfer Fee"). The Development Rights Transfer Fee shall be payable in a lump sum to us at the start of the transfer process as one of the pre-conditions to obtaining our written consent to a proposed Transfer. The Development Rights Transfer Fee paid to us will not be applied to the initial fees due for future Franchise Agreements to be executed by the transferee pursuant to this Agreement, but the transferee will receive credit for your earlier payment of the Development Fee as set forth herein.

D. As one of the pre-conditions of obtaining our written consent to a proposed Transfer, you must provide us a copy of, and obtain our approval of, the proposed purchase agreement or other agreement for the transaction between you and the proposed transferee.

E. You may Transfer one or more of the individual Franchise Agreements or any interest in those Franchise Agreements, or all or a substantial portion of the assets of your Taco John's Restaurants associated with such Franchise Agreements without a Transfer of your interest under this Agreement in accordance with the terms of each such Franchise Agreement, provided that the Taco

John's Restaurant(s) associated with the Franchise Agreement(s) being Transferred are open and operating as of the date of the Transfer (a "Franchise Transfer"). In that event, (i) the Taco John's Restaurant(s) associated with the Franchise Transfer shall continue to be counted as Taco John's Restaurant(s) to be developed under this Agreement, (ii) the Franchise Agreement(s) associated with the Franchise Transfer shall continue to be included in the cumulative number of Taco John's Restaurants required to be opened and continuously operated in the Development Area, regardless of whether the applicable Franchise Agreement is transferred to the transferee or the transferee executes a new Franchise Agreement, (iii) the exclusive rights granted to you in this Agreement shall be modified to permit the transferee of the Franchise Transfer to operate in the Development Area, and (iv) a default by the transferee of the Franchise Agreement related to a Franchise Transfer shall constitute grounds for a default to be declared under this Agreement pursuant to Section 7.B.(ii) hereof.

9. COVENANTS

During the term of this Agreement, Developer and its officers, directors, shareholders, partners, members, owners, managers, representatives, and agents and their immediate family members shall be subject to all restrictive covenants as set forth in the Initial Franchise Agreement executed pursuant to this Agreement and in any Nondisclosure and Noncompetition Agreements executed in conjunction with the Initial Franchise Agreement, which covenants by this reference are incorporated herein. Upon termination of this Agreement, Developer and its officers, directors, shareholders, partners, members, owners, managers, representatives, and agents and their respective immediate families, shall be subject to all restrictive covenants as set forth in the final Franchise Agreement executed hereunder, and in any Nondisclosure Agreements executed in conjunction with such Franchise Agreement. Until such time as the Initial Franchise Agreement has been signed, all restrictive covenants as set forth in the franchise agreement and nondisclosure and noncompetition agreement attached to the latest version of the Franchise Disclosure Document delivered to Developer shall apply.

10. NOTICES

All written notices required or permitted to be given under this Agreement will be given in writing by hand delivery; by certified mail with return receipt requested; by express mail or overnight delivery service that provides evidence of delivery or attempted delivery; or by e-mail or other electronic delivery system. When made to the Developer, notice will be addressed to the address or e-mail address set forth on the Addendum and if to TJI, notice will be addressed to its principal place of business or the e-mail address: tjilegal@tacojohns.com. Either party may change its address or number from time to time by written notice to the other party in accordance with this Article. Notice will be deemed given three (3) days after depositing in the United States mail, postage prepaid; one (1) day after depositing in express mail or overnight delivery; when received by hand delivery; or with proof of delivery by e-mail or other electronic delivery system.

11. INDEPENDENT CONTRACTOR RELATIONSHIP AND INDEMNIFICATION

A. The parties agree that each of them is an independent businessperson or entity, their only relationship is by virtue of this Agreement and the Franchise Agreements between them, and that no fiduciary relationship is created hereby. Neither party is liable or responsible for the other's debts or obligations, nor will either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. TJI and Developer agree that neither of them will hold itself out to be the agent, employer or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other.

B. Developer agrees to indemnify, release, defend and hold TJI, its subsidiaries and affiliates, and its and their respective shareholders, directors, officers, employees, agents, successors and assignees (the "Indemnified Parties") harmless against, and to reimburse them for all Claims, defined below, any and all third party obligations of Developer, and any and all claims, obligations and liabilities directly or indirectly arising out of this Agreement or the operation of any Taco John's Restaurants. For purposes of this indemnification, "Claims" means all obligations, actual and consequential damages and costs reasonably incurred in the defense of any claim against the Indemnified Parties, including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. TJI will have the right to defend any such Claim against it. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

12. MISCELLANEOUS

A. No failure by us to exercise any power reserved to us in this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right in respect to any subsequent default of the same or of a different nature, nor shall any delay, forbearance, or omission of our right to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

B. In the event that any arbitrator or court of competent jurisdiction determines that any provision of this Agreement is unenforceable as written for any reason, then the parties hereby request and authorize the arbitrator or court to "blue pencil" such provision so as to make it enforceable and to best carry out the intent of the parties, or to deem such provision severed from this Agreement if it cannot be so modified. The holding, declaration or pronouncement shall not adversely affect any other provisions of this Agreement, which shall otherwise remain in full force and effect.

C. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof. All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgements, promises, covenants, agreements and obligations herein made or undertaken by or on behalf of Developer and by any of Developer's owners, directors, officers or employees shall be deemed jointly and severally undertaken by all such parties on Developer's behalf.

D. This Agreement (which includes the riders, attachments and exhibits to this Agreement) contains the entire agreement and understanding between the parties and supersedes any and all prior agreements concerning its subject matter. We do not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement. You acknowledge and agree that no representations have been made to you by us or our representatives regarding projected sales volumes, market potential, revenues, or profits of a Taco John's Restaurant. Additionally, you acknowledge and agree that, in entering into this Agreement, you are not relying on the existence or non-existence of any particular fact or matter not set forth in this Agreement, a Franchise Agreement between the parties, or in the franchise disclosure document provided to you. You agree and understand

that we will not be liable or obligated for any oral representations or commitments made prior to the execution hereof, for claims of negligent or fraudulent misrepresentation based on any such oral representations or commitments, or for claims of negligent or fraudulent omissions or nondisclosure of facts or information. Nothing in this Agreement or in any related agreement is intended to disclaim any representations made by us in the franchise disclosure document provided to you. This Agreement may be modified only upon execution of a written agreement signed on behalf of the Developer by all named Developers and/or by the authorized officer or agent if the named Developer is an entity and on behalf of us by our President or CEO.

E. In the event of any conflict between the terms of this Agreement and the terms of any Franchise Agreement executed pursuant hereto, the terms of this Agreement shall control.

F. The prevailing party in any action arising out of, or related to this Agreement (including an action to compel arbitration) is entitled to recover from the other party all costs and expenses related to the action, including reasonable attorneys' fees, and all costs of collecting monies owed. If both parties are awarded a judgment in any dollar amount, the court or arbitrator, as applicable, shall determine the prevailing party taking into consideration the merits of the claims asserted by each party, the amount of the judgment received by each party and the relative equities between the parties.

G. This Agreement shall not be effective until accepted by us as evidenced by dating and signing of this Agreement by an officer.

13. APPLICABLE LAW

A. THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY TJI AND, EXCEPT TO THE EXTENT GOVERNED BY UNITED STATES FEDERAL LAW, SHALL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF THE STATE OF WYOMING.

B. TJI AND DEVELOPER AGREE THAT ANY DISPUTE BETWEEN THE PARTIES ARISING OUT OF THE TERMS OF THIS AGREEMENT SHALL BE GOVERNED BY THE APPLICABLE PROVISIONS OF THE LAST FRANCHISE AGREEMENT ENTERED INTO BETWEEN TJI AND DEVELOPER AT THE TIME OF THE DISPUTE, WHICH TERMS AND CONDITIONS ARE BY THIS REFERENCE INCORPORATED HEREIN, AND SHALL APPLY REGARDLESS OF WHETHER THE APPLICABLE FRANCHISE AGREEMENT IS IN FULL FORCE AND EFFECT AT THE TIME OF THE DISPUTE. IN THE EVENT NO FRANCHISE AGREEMENT HAS BEEN SIGNED AT THE TIME OF THE DISPUTE, ANY DISPUTE ARISING OUT OF THIS AGREEMENT SHALL BE SUBMITTED FOR BINDING ARBITRATION BEFORE ONE (1) ARBITRATOR WHO IS A MEMBER AMERICAN ARBITRATION ASSOCIATION PANEL OF FRANCHISE ARBITRATORS AND SHALL BE CONDUCTED IN DENVER, COLORADO. THE ARBITRATION SHALL BE CONDUCTED IN ACCORDANCE WITH THE THEN-CURRENT COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED BY TJI OR FRANCHISEE BY THIS AGREEMENT IS INTENDED TO BE, NOR SHALL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY HEREIN OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH SHALL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

D. NOTHING HEREIN CONTAINED SHALL BAR TJI'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

The parties have duly executed, sealed, and delivered this Agreement on this ____ day of _____, 20__.

TJI:

DEVELOPER:

Taco John's International, Inc.

Company Name

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT I
TO AREA DEVELOPMENT
AGREEMENT
ADDENDUM TO AREA DEVELOPMENT
AGREEMENT

This is an Addendum (“Addendum”) to the certain Area Development Agreement dated of even date (the “Agreement”) by and between Taco John’s International, Inc., a Wyoming corporation (“TJI”), and the undersigned developer (“Developer”). This Addendum modifies the terms of the Agreement, and in the event of a conflict in terms between the Agreement and this Addendum, the terms of this Addendum are controlling.

The parties agree as follows:

1. Description of Development Area. The Development Area, referenced in Section 2.A of the Agreement will be the geographical area described as follows: _____

2. Number of Taco John’s Restaurants. The number of Taco John’s Restaurants to be developed in the Development Area referenced in Section 2.A of the Agreement (including the Taco John’s Restaurant under the Initial Franchise Agreement) shall be:_____.

3. Development Fee. The Development Fee to be paid by Developer to TJI pursuant to Section 3.A of the Agreement shall be \$_____.

4. Development Executive. The designated Development Executive who will be responsible for your development activities is:

Print Name and Title			

_____	_____	_____	_____
Address	City	State	Zip

Phone Number			

E-mail Address			

[Space Intentionally Left Blank]

5. Development Schedule. Developer acknowledges and agrees that a material provision of the Agreement is that it must execute Franchise Agreements for those Taco John's Restaurants set forth in Paragraph 2 of this Addendum and continuously operate those Taco John's Restaurants in accordance with the following Development Schedule:

Taco John's Restaurant Number	Date by Which Franchise Agreement Must be Signed and Submitted to TJI	Cumulative number of Taco John's Restaurants Required to be Opened and Continuously Operated by Developer as of 180 Days Following the Date in Preceding Column
1	Date of this Agreement	
2		
3		
4		

For purposes of determining compliance with the third column in the above Development Schedule, only the Taco John's Restaurants actually in continuous operation in the Development Area by Developer as of the given date will be counted toward the number of Taco John's Restaurants required to be open and continuously operating for business.

TJI:

DEVELOPER:

Taco John's International, Inc.

Company Name

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

ATTACHMENT C
NONDISCLOSURE AND NONCOMPETITION AGREEMENT

032924

NONDISCLOSURE AND NONCOMPETITION AGREEMENT

This Nondisclosure and Noncompetition Agreement (this “**Agreement**”) is made and entered into effective the on the ____ day of _____, 20__ by and among Taco John’s International, Inc., a Wyoming corporation (“**TJI**”), 808 West 20th Street, Suite 200, Cheyenne, Wyoming 82001, the franchisee named on the signature page of this Agreement (the “**Franchisee**”), and the associate of Franchisee named on the signature page of this Agreement (the “**Associate**”).

RECITALS

A. TJI is engaged in the business of selling franchises for the operation of restaurants which serve Mexican food operating under the name and service mark “TACO JOHN’S” and related design (“**Franchised Businesses**”).

B. TJI and its affiliates have developed proprietary methods for establishing, operating and promoting Franchised Businesses utilizing certain confidential information as more fully described herein (“**Licensed Methods**”), and have established substantial goodwill and an excellent reputation with respect to the quality of the services available in a Franchised Business, which goodwill and reputation have been and will continue to be of major benefit to TJI.

C. Franchisee is a franchisee under an effective franchise agreement (“**Franchise Agreement**”) with TJI.

D. Associate is or will become involved with Franchisee in the capacity of an owner, director, officer, manager, agent, employee, or independent contractor (such capacities collectively referred to as “**Affiliation**”) or is related to a person who has an Affiliation with Franchisee, and will become privileged as to certain confidential information related to TJI, its operations and the Franchised Business.

E. Associate, Franchisee and TJI have reached an understanding and agreement with regard to nondisclosure by Associate of confidential information and with respect to noncompetition by Associate with TJI and Franchisee.

NOW THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Associate, Franchisee and TJI, intending legally to be bound, agree as follows:

1. **Confidential Information.** Associate recognizes and agrees that certain proprietary information relating to TJI and its operations and the operations of Franchised Businesses (“**Confidential Information**”) is owned by TJI and is treated as confidential by TJI and Franchisee, including without limitation, all proprietary information concerning Franchised Businesses; the Licensed Methods; all financial information of TJI or Franchisee other than financial information filed with any government regulatory agency; marketing methods; sales and promotional methods; all nonpublic statistical information; the strategic plan, budgets and projections for TJI; all information concerning negotiations of any kind conducted by TJI whether pending or completed; all marketing research data and marketing plans; all information contained in the TJI operations manuals, and any other manual or other nonpublic written information; internal lists of franchisees and customers of Franchised Businesses; and all other information which may be considered a trade secret or proprietary and such Confidential Information as may be further developed from time to time by TJI.

2. **Operations Manuals as Trade Secret.** It is understood that Confidential Information, constituting “trade secrets,” as used in this Agreement is deemed to include, without limitation, all information contained in the Operations and Training Manuals, which may be provided as one or more separate manuals, written instructional guides, computer disks, or other electronically stored data, as the same are changed or

supplemented from time to time, and any information of whatever nature which gives TJI an opportunity to obtain an advantage over its competitors who do not have access to, know of, or use such written materials or information.

3. **Use and Disclosure of Confidential Information.** Associate acknowledges that, in connection with Associate's Affiliation with TJI or Franchisee, TJI or Franchisee will disclose in strict confidence certain Confidential Information necessary for the operation of a Franchised Business. Associate specifically acknowledges that the Confidential Information is valuable, unique and comprises a substantial portion of the assets of TJI; and Associate agrees that he or she will not utilize all or any portion of the same for Associate's personal benefit during the term of Associate's Affiliation with Franchisee, nor in any manner use the same subsequent to the termination of Associate's Affiliation with TJI or Franchisee or the termination or expiration of the Franchise Agreement, nor disclose any of the same to any person, firm, corporation or other entity whatsoever at any time for any reason or purpose, without the prior written consent of TJI. Associate shall not copy, publish or otherwise duplicate the Confidential Information or permit others to do so and shall return all Confidential Information to Franchisee upon termination of Associate's Affiliation with Franchisee. Associate may disclose to other employees, agents, or representatives of TJI or Franchisee the Confidential Information only to the extent necessary for such employees, agents or representatives to carry out their intended function.

4. **Noncompetition Covenant.** Associate agrees that TJI and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among TJI, Franchisee and Associate if Associate was permitted to hold interests in any Competitive Businesses, as defined below. Therefore, during the term of this Agreement, neither Associate, nor the spouse or immediate family member of Associate shall perform services for or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any Competitive Business. For the purposes of this Agreement, a "**Competitive Business**" is any restaurant (other than a Taco John's Restaurant operated under a Franchise Agreement with TJI) that offers or sells Mexican food as more than fifteen percent (15%) of its menu items. The ownership of one percent (1%) or less of a publicly traded company will not be deemed to be prohibited by this Section.

5. **Audit of Business Records.** TJI or its authorized agent may request, receive, inspect, and audit any business records, financial or otherwise, of Associate, Associate's immediate family members, or any party affiliated with Associate or its immediate family members, including any companies or entities associated with Associate or its immediate family members, that TJI in its sole discretion determines may be relevant in determining Associate's compliance with the terms of this Agreement or Franchisee's business results in its Franchised Business. Any such inspection or audit shall be conducted in accordance with the audit provisions set forth in the Franchise Agreement, which are deemed incorporated herein. Inspections and audits conducted at Associate's business location or other location where the records are held may take place without prior notice, during normal business hours. TJI may audit and inspect documents covering a period beginning with the date on which Associate's Affiliation commenced and ending on the date such audit is concluded. All documents provided for TJI's inspection or audit must be certified by Associate and the appropriate affiliated party, if applicable, as true, complete and correct. Inspections and audits may be conducted following the expiration or termination of Associate's Affiliation for any reason.

6. **Injunction.** Associate acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, TJI and Franchisee, or either one separately, shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which TJI and/or Franchisee may be entitled.

7. **Assignment.** Both Franchisee and TJI may assign all or part of this Agreement and the rights which inure to either of them hereunder without the consent of Associate, provided that any assignment by Franchisee shall require the written consent of TJI. This Agreement shall not be assignable by Associate.

8. **Effect of Waiver.** The waiver by Associate, Franchisee or TJI of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach thereof, and in no event shall such a waiver be binding upon TJI unless it is in writing and signed by an authorized representative of TJI.

9. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of Associate, Franchisee and TJI and their respective heirs, executors, representatives, successors and assigns.

10. **Entire Agreement.** This instrument contains the entire agreement of Associate, Franchisee and TJI relating to the matters set forth herein. It may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought. Further, both Associate and Franchisee agree that no change to this Agreement shall be made without the written consent of TJI having first been obtained.

11. **Governing Law.** This instrument shall be governed by and construed under the laws of the State of Wyoming.

12. **Arbitration.**

a. Any and all controversies, disputes or claims between TJI, its subsidiaries and affiliated companies or their shareholders, officers, directors, agents, employees and attorneys (in their representative capacity); Franchisee, its shareholders, officers, directors, agents and employees; and/or Associate arising out of or related to this Agreement or the validity hereof shall be submitted for binding arbitration; except for actions for injunctive relief pursuant to Section 6 above, which actions TJI and/or Franchisee at their option may bring either in a court of competent jurisdiction or in arbitration.

b. If TJI is a party to any controversy, dispute or claim, the arbitration will be administered before one (1) arbitrator who is a member of the American Arbitration Association Panel of Franchise Arbitrators, on demand of either party. The arbitration shall be conducted in Denver, Colorado and in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association. If the American Arbitration Association should cease doing business during the term of this Agreement, including any renewals, TJI will notify Franchisee and Associate of its selection of another arbiter group. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court. The arbitrator shall have the right to award or include in the award any relief which is deemed proper in the circumstances including, without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees and costs. The award and decision of the arbitrators shall be conclusive and binding upon all parties to the arbitration and on no other parties, and judgment upon the award may be entered in any court of competent jurisdiction, and both parties waive any right to contest the validity or enforceability of such award. The parties further agree to be bound by the provisions of any applicable limitation on the period of time in which claims must be brought. The parties further agree that in connection with any such arbitration proceeding they shall file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within thirty (30) days after the date of the filing of the claim to which it relates.

c. If TJI is not a party to such controversy, dispute or claim, such arbitration proceedings shall be conducted within the Protected Territory (as applicable, as defined in the Franchise Agreement between the Franchisee and TJI) of the Franchisee and will be heard by one arbitrator in accordance with the then current commercial arbitration rules of any arbitration group mutually acceptable to Franchisee and Associate, and if Franchisee and Associate cannot agree on an arbitration group within 30 days after demand for arbitration, then the American Arbitration Association shall conduct such arbitration in accordance with its then current commercial arbitration rules. The decision as to whether a claim is subject to mandatory arbitration shall be made by an arbitrator, not a court.

13. **Severability.** If any provision of this Agreement is held, declared or pronounced void, voidable, invalid, unenforceable or inoperative for any reason, by any court of competent jurisdiction, government authority, arbitrator or otherwise, the parties authorize and request such court, governmental authority, or arbitrator to modify the provision held to be void, voidable, invalid, unenforceable or inoperative to contain such lesser covenants that impose the maximum duty permitted by law so that the provision is upheld as valid, and the parties agree to be bound by the modified provision. The holding, declaration or pronouncement shall not affect adversely any other provisions of this Agreement, which shall otherwise remain in full force and effect.

14. **Attorneys' Fees.** If TJI or Franchisee must enforce any of the provisions or rights under this Agreement in any action at law or in equity and if the TJI and/or Franchisee is successful in such litigation or arbitration as determined by the court or arbitrator in a final judgment or decree, then the Associate shall pay TJI or Franchisee, as applicable, all costs, expenses and reasonable attorneys' fees incurred by TJI and/or Franchisee (including without limitation such costs, expenses and fees on any appeals), and if TJI and/or Franchisee receives a judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included as part of such judgment.

15. **Definitions.** All capitalized terms not defined in this Agreement have the respective meanings set forth in the effective Franchise Agreement between Franchisee and TJI.

16. **Cross Default.** A default by Associate under this Agreement will be deemed a default of all agreements between Franchisee and TJI, unless waived by TJI in writing.

The parties have executed this Agreement as of the date first above written.

TJI:

FRANCHISEE:

TACO JOHN'S INTERNATIONAL, INC.,
a Wyoming corporation

a _____

By: _____
Its: _____

By: _____
Its: _____

ASSOCIATE:

Print Name:

ATTACHMENT D

LIST OF FRANCHISEES AND AREA DEVELOPERS

AREA DEVELOPERS AS OF DECEMBER 31, 2023

DARA DEJBAKHS
23101 Lake Center Drive, Suite 160
Lake Forest, California 92630
(949) 233-3877

RELIANCE HOSPITALITY GROUP, LLC
148 Cottonwood Road
Newington, Connecticut 06111
(860) 778-6179

B&B HOLDING, LLC
1808 Pascoli CV
Lexington, Kentucky 40509
(502) 681-6144

WE LOVE TACOS, LLC
45 Ottawa Ave SW, Ste. 600
Grand Rapids, Michigan 49503
(616) 560-3169

OLE 2021, LLC
210 Broadway N, Ste. 200
Fargo, North Dakota 58107
(701) 235-2014

OLE ENTERPRISES LLC
210 Broadway N, Suite 200
Fargo, North Dakota 58102
(701) 235-2014

PRGA OPERATIONS – MONTANA, LLC
P.O. Box 937
Minot, North Dakota 58702
(701) 340-2312

PREFERRED DEVELOPMENT, LLC
2408 Burdick Expressway E.
Minot, North Dakota 58701
(701) 838-3996

LOVE'S TRAVEL STOPS AND COUNTRY
STORES, INC.
10601 N. Pennsylvania Avenue
Oklahoma City, Oklahoma 73120
(605) 214-1065

TWIN LAKES FOOD SERVICES, LLC
P.O. Box 349
Dover, Tennessee 37058
(931) 249-3920

ACTIVE FRANCHISEES AS OF DECEMBER 31, 2023

ARKANSAS

J&P Tacos LLC
1819 E Main Street
Russellville, Arkansas 72801
(479) 280-1932

COLORADO

Love's Travel Stops & Country Stores Inc.
3800 E State Highway 56
Berthoud, Colorado 80513
(970) 532-2507

TJH Ventures LLC
3226 I-70 Business Loop
Clifton, Colorado 81520
(970) 314-2291

CDRC 58th Ave LLC
5810 Logan Street
Denver, Colorado 80216
(720) 889-1780

4 Cities, Inc.
200 E Horsetooth Road
Ft Collins, Colorado 80525
(970) 204-4335

4 Cities, Inc.
1609 Specht Point Road
Ft Collins, Colorado 80523
(970) 472-0086

4 Cities, Inc.
7605 Royal Vista Circle
Ft Collins, Colorado 80528
(970) 266-2665

4 Cities, Inc.
120 W Riverview Avenue
Ft Morgan, Colorado 80701
(970) 867-3403

TJH Ventures LLC
1430 North Avenue
Grand Junction, Colorado 81501
(970) 314-9620

4 Cities, Inc.
2508 11th Avenue
Greeley, Colorado 80631
(970) 352-2857

4 Cities, Inc.
1701 S Main Street
Lamar, Colorado 81052
(719) 691-2009

4 Cities, Inc.
1635 N Lincoln Avenue
Loveland, Colorado 80538
(970) 667-2066

4 Cities, Inc.
317 W Main Street
Sterling, Colorado 80751
(970) 522-5564

PJM Inc.
9675 Washington Street
Thornton, Colorado 80229
(303) 484-9828

4 Cities, Inc.
7910 S 6th Street
Wellington, Colorado 80549
(970) 568-3967

PJM Inc.
280 W 136th Avenue
Westminster, Colorado 80234
(720) 728-6886

IDAHO

D Squared Enterprises LLC
1643 Washington Street N
Twin Falls, Idaho 83301
(208) 933-2190

ILLINOIS

L&R Industries Inc.
1525 S Main Street
Bloomington, Illinois 61701
(309) 828-4336

Will-Ring Enterprises Inc.; Alexander G
Habeeb
562 William R Latham Sr Drive
Bourbonnais, Illinois 60914
(815) 929-1333

Will-Ring Enterprises Inc.; Alexander G
Habeeb
484 S Kennedy Drive
Bradley, Illinois 60915
(815) 939-3064

Ohare QSR LLC
11601 W. Touhy Ave.
Building 840, Patton Rd. & W. Higgins
Chicago, IL 60666
(563) 676-0993

L&R Industries Inc.
725 S Main Street
Creve Coeur, Illinois 61610
(309) 698-0027

Manakamana, Inc.
653 Avenue of the Cities
East Moline, Illinois 61244
(309) 912-7685

L&R Industries Inc.
2422 E Washington Street
East Peoria, Illinois 61611
(309) 699-7412

Galesburg Mexican Inc.
1922 N Henderson Street
Galesburg, Illinois 61401
(309) 297-4072

TJ's II of Rockford Inc.
8304 N 2nd Street
Machesney Park, Illinois 61115
(815) 877-3141

OLE 2021, LLC
903 N Court Street
Marion, Illinois 62959
(618) 993-8901

Wendy & Tom, Inc.
120 E 10th Avenue
Milan, Illinois 61264
(309) 948-2018

Roadways Plaza, LLC
2855 Overpass Road
Riverton, IL 62561
(217) 606-7666

Love's Travel Stops & Country Inc.
201 Loves Drive
South Jacksonville, Illinois 62650
(217) 243-0400

INDIANA

Evansville West Hospitality TN LLC
604 N St Joseph Avenue
Evansville, Indiana 47712
(812) 467-0804

Evansville East Hospitality TN LLC
2509 Washington Avenue
Evansville, Indiana 47714
(812) 473-7841

Love's Travel Stops & Country Stores Inc.
1379 Flaxmill Road
Huntington, Indiana 46750
(260) 609-5286

Love's Travel Stops & Country Stores Inc.
10157 N. Love's Avenue
Michigan City, Indiana 46361
(260) 609-5286

David Van Baalen, Patricia Van Baalen, Ben
Van Baalen
850 N Broadway
Peru, Indiana 46970
(765) 919-4554

IOWA

Taco John's of Iowa Inc.
2501 Adventureland Drive
Altoona, Iowa 50009
(515) 967-8777

Taco John's of Iowa Inc.
500 Lincoln Way
Ames, Iowa 50010
(515) 232-3176

Taco John's of Iowa Inc.
319 S Ankeny Blvd
Ankeny, Iowa 50021
(515) 964-9800

Eagle Landing Avoca Foods LLC
7005 N Chestnut Street
Avoca, Iowa 51521
(712) 343-4007

Taco John's of Iowa Inc.
415 Story Street
Boone, Iowa 50036
(515) 432-7600

Burlington Mexican LLC
119 S Roosevelt Avenue
Burlington, Iowa 52601
(319) 754-5114

Carroll Hospitality TN LLC
513 E 6th Street
Carroll, Iowa 51401
(712) 792-2646

CMT Inc.
6210 University Avenue
Cedar Falls, Iowa 50613
(574) 934-4103

PenCore Holdings Inc.
4401 1st Avenue SE
Cedar Rapids, Iowa 52402
(319) 393-6101

Double L Investments, Inc.
226 Edgewood Road NW
Cedar Rapids, Iowa 52405
(319) 396-2025

Cherokee Hospitality TN LLC
902 N 2nd Street
Cherokee, Iowa 51012
(712) 225-0374

Ole Enterprises LLC
2601 James Street
Coralville, Iowa 52241
(319) 519-5041

Bremer Restaurant Management Inc.
2300 W Broadway
Council Bluffs, Iowa 51501
(712) 323-7088

Bremer Restaurant Management Inc.
217 E Broadway
Council Bluffs, Iowa 51501
(712) 323-5121

Taco John's of Iowa Inc.
708 S Walnut Street
Creston, Iowa 50801
(641) 782-4731

Davenport Hospitality TN, LLC
1915 E Kimberly Road
Davenport, Iowa 52807
(563) 355-2044

Manakamana, Inc.
320 W Kimberly Road #3
Davenport, Iowa 52806
(563) 388-7322

Taco John's of Iowa Inc.
2727 SW 9th Street
Des Moines, Iowa 50315
(515) 282-8800

Taco John's of Iowa Inc.
1250 E Army Post Road
Des Moines, Iowa 50315
(515) 285-1331

Taco John's of Iowa Inc.
5824 Douglas Avenue
Des Moines, Iowa 50310
(515) 270-4624

Taco John's of Iowa Inc.
921 E Euclid Avenue
Des Moines, Iowa 50317
(515) 262-0110

Taco John's of Iowa Inc.
2121 Hubbell Avenue
Des Moines, Iowa 50317
(515) 262-5211

Taco John's of Iowa Inc.
2600 Ingersoll Avenue
Des Moines, Iowa 50312
(515) 243-6900

Eastern Iowa TJ's LLC
17 E 20th Street
Dubuque, Iowa 52001
(563) 582-3443

Eastern Iowa TJ's LLC
2258 Flint Hill Drive
Dubuque, Iowa 52003
(563) 583-3642

Fairfield Mexican Inc.
703 W Burlington Avenue
Fairfield, Iowa 52556
(641) 472-7833

Taco John's of Iowa Inc.
250 SE Destination Drive
Grimes, Iowa 50111
(515) 986-3360

Taco John's of Iowa Inc.
1020 West Street
Grinnell, Iowa 50112
(641) 236-4863

Ole Enterprises LLC
1940 Blairs Ferry Road Suite 100
Hiawatha, Iowa 52233
(319) 200-4800

Taco John's of Iowa Inc.
1103 N Jefferson Way
Indianola, Iowa 50125
(515) 961-3335

OLE 2021, LLC
320 5th Avenue SW
Le Mars, Iowa 51031
(712) 546-4008

Ole Enterprises LLC
907 S Center Street
Marshalltown, Iowa 50158
(641) 753-6211

Ole Enterprises LLC
603 S Federal Avenue
Mason City, Iowa 50401
(641) 423-8503

Ole Holdings LLC
2516 Park Avenue
Muscatine, Iowa 52761
(563) 264-8911

Newton Hospitality TN LLC
2106 1st Avenue E
Newton, Iowa 50208
(641) 792-1798

Taco John's of Iowa Inc.
1611 Sunset Drive
Norwalk, Iowa 50211
(515) 981-0598

KGT Inc.
224 8th Street SW
Orange City, Iowa 51041
(712) 737-4555

Taco John's of Iowa Inc.
711 A Avenue W
Oskaloosa, Iowa 52577
(641) 673-3264

Taco John's of Iowa Inc.
423 Church Street
Ottumwa, Iowa 52501
(641) 682-0965

Taco John's of Iowa Inc.
911 W 16th Street
Pella, Iowa 50219
(641) 628-8818

Sheldon Hospitality TN LLC
100 34th Avenue
Sheldon, Iowa 51201
(712) 324-5287

KGT Inc.
334 N Main Avenue
Sioux Center, Iowa 51250
(712) 722-3435

Murray 5G Inc.
2111 27th Street
Sioux City, Iowa 51104
(712) 255-8709

Murray 5G Inc.
3601 Gordon Drive
Sioux City, Iowa 51106
(712) 255-9996

Murray 5G Inc.
1721 Hamilton Blvd
Sioux City, Iowa 51103
(712) 258-8023

Murray 5G Inc.
3218 Singing Hills Blvd
Sioux City, Iowa 51106
(712) 222-1223

Nissen Inc.
2329 Circle Drive W
Spirit Lake, Iowa 51360
(712) 336-4849

Taco John's of Iowa Inc.
3924 NW Urbandale Drive
Urbandale, Iowa 50322
(515) 252-9977

C&M Enterprises Inc.
1620 La Porte Road
Waterloo, Iowa 50702
(319) 233-3651

Taco John's of Iowa Inc.
205 Hickman Road
Waukee, Iowa 50263
(515) 216-2204

Kuhl Corporation of Waverly; Laura A
Kuhlmann
617 W Bremer Avenue
Waverly, Iowa 50677
(319) 352-5055

Taco John's of Iowa Inc.
350 Grand Avenue
West Des Moines, Iowa 50265
(515) 255-4485

Taco John's of Iowa Inc.
7253 Vista Drive
West Des Moines, Iowa 50266
(515) 457-9100

KANSAS

Sickler Investment Company; Stone
Investments Inc.
216 S 10th Street
Atchison, Kansas 66002
(913) 367-0276

Taco Springs LLC
13032 Kansas Avenue
Bonner Springs, Kansas 66012
(913) 422-7304

Chanute Hospitality TN LLC
1503 S Santa Fe Avenue
Chanute, Kansas 66720
(620) 433-4056

Western Kansas Mexican Foods Inc.
625 W Willow
Colby, Kansas 67701
(785) 460-8226

Condordia Hospitality TN LLC
2122 Lincoln Street
Concordia, Kansas 66901
(785) 243-4335

FAST N FRIENDLY, LLC
Kansas Turnpike Milepost 132
Emporia, Kansas 66801
(620) 203-2160

LOSDIAS LLC
420 E 30th Avenue
Hutchinson, Kansas 67502
(620) 259-7270

HTN LLC
480 N Main Street
Lansing, Kansas 66043
(913) 364-5036

Sodak Tacos Inc.; Kenneth R Creasey
1101 W 6th Street
Lawrence, Kansas 66044
(785) 843-0936

TJ's East Inc.; Kenneth R Creasey
2309 Haskell Avenue
Lawrence, Kansas 66044
(785) 842-5533

Love's Travel Stops & Country Stores Inc.
1001 E Pancake Blvd
Liberal, Kansas 67901
(620) 626-5409

Flint Hills Holdings LLC
214 Leavenworth Street
Manhattan, Kansas 66505
(785) 320-6133

KCTJ's Inc.; Stacey Frederes; Jamie
Frederes; Fred
18617 W 151st Street
Olathe, Kansas 66062
(913) 829-8226

LOSDIAS LLC
418 E Iron Avenue
Salina, Kansas 67401
(785) 825-6382

LOSDIAS LLC
3049 Riffel Drive
Salina, Kansas 67401
(785) 404-1600

TMEX-Rest LLC
3706 S. Burlingame Rd.
Topeka, KS 66609

KENTUCKY

Benton Mex LLC; HMC Inc.; Kimberly
Inman; Tammi S Halvorson
360 Main Street
Benton, Kentucky 42025
(270) 527-1670

Henderson Hospitality TN LLC
1949 US Highway 41 N
Henderson, Kentucky 42420
(270) 830-6585

Madisonville Mex LLC; Kimberly Inman
1076 N Main Street
Madisonville, Kentucky 42431
(270) 821-6568

HMC Inc.; TJ's of Mayfield LLC; Kimberly
Inman Tammi S Halvorson
1016 Paris Road
Mayfield, Kentucky 42066
(270) 247-0545

HMC Inc.; TJ's of Murray LLC; Kimberly
Inman; Tammi S Halvorson
1100 Chestnut Street
Murray, Kentucky 42071
(270) 753-9697

B&B Holding, LLC
525 E Brannon Road
Nicholasville, Kentucky 40356
(859) 724-7492

Bridge Mex LLC; HMC Inc.; Kimberly
Inman; Tammi S Halvorson
2201 Bridge Street
Paducah, Kentucky 42001
(270) 443-6716

Paducah Hospitality TN LLC
5266 US Highway 60
Paducah, Kentucky 42001
(270) 558-5206

HMC Inc.; TJ's of Jackson LLC; Kimberly
Inman; Tammi S Halvorson
2956 Jackson Street
Paducah, Kentucky 42001
(270) 442-9399

C&C Princeton Inc.
530 US Highway 62 W
Princeton, Kentucky 42445
(270) 365-7112

MASSACHUSETTS

Reliance Hospitality Group LLC
50 S Broadway
Lawrence, Massachusetts 01846
(978) 291-5907

Reliance Hospitality Group LLC
536 N Main Street
Leominster, Massachusetts 01453
(978) 952-0775

MICHIGAN

We Love Tacos, LLC
1704 N Mitchell Street
Cadillac, Michigan 49601
(231) 444-4009

We Love Tacos, LLC
6722 Broadmoor Avenue SE
Caledonia, Michigan 49316
(616) 271-4925

We Love Tacos, LLC
4029 32nd Avenue
Hudsonville, Michigan 49426
(616) 371-5505

We Love Tacos, LLC
424 N Telegraph Road
Monroe, Michigan 48162
(734) 430-8233

We Love Tacos, LLC
1730 28th Street SW
Wyoming, Michigan 49316
(616) 534-7970

MINNESOTA

Ole Enterprises LLC
2225 E Main Street
Albert Lea, Minnesota 56007
(507) 373-9818

JAT Restaurants LLC
5952 Large Avenue
Albertville, Minnesota 55301
(763) 276-7187

ECHOS Management Group Inc.
1702 Broadway Street
Alexandria, Minnesota 56308
(320) 763-7885

Ole Enterprises LLC
308 W Oakland Avenue
Austin, Minnesota 55912
(507) 433-3870

E&G, Inc.
1285 Paul Bunyan Drive NW
Bemidji, Minnesota 56601
(218) 444-2266

Twin City TJ's Inc.; Tamra Kennedy
11724 Ulysses Street NE
Blaine, Minnesota 55449
(763) 767-3344

PenCore Holdings Inc.
301 Washington Street NE
Brainerd, Minnesota 56401
(218) 829-7375

JAT Restaurants LLC
1201 Highway 25 N
Buffalo, Minnesota 55313
(763) 682-9100

Cambridge Tacos Inc.
225 2nd Avenue NE
Cambridge, Minnesota 55008
(763) 689-4553

Walt Cressman; Gwen F Cressman; Judd
Selland; Kay Selland; Brian Miller
1200 Highway 33 S
Cloquet, Minnesota 55720
(218) 879-0902

TJC Dakota Inc.
605 N Main Street
Crookston, Minnesota 56716
(218) 281-7357

ECHOS Management Group
233 E Frazee Street
Detroit Lakes, Minnesota 56501
(218) 844-4660

SAM Enterprises Inc.
312 E Central Entrance
Duluth, Minnesota 55811
(218) 727-5667

SAM Enterprises Inc.
4601 Grand Avenue
Duluth, Minnesota 55807
(218) 624-1044

SAM Enterprises Inc.
1810 London Road
Duluth, Minnesota 55812
(218) 728-4797

E-dot Restaurant Management Inc.
18033 Zane Street NW
Elk River, Minnesota 55330
(763) 441-6380

L & T Peterson Enterprises Inc.; Lance
Peterson; Tanya Peterson
901 E Blue Earth Avenue
Fairmont, Minnesota 56031
(507) 238-2322

ECHOS Management Group
1212 N Union Avenue
Fergus Falls, Minnesota 56537
(218) 739-3563

Twin City TJ's Inc.; Tamra Kennedy
1966 W Broadway Avenue
Forest Lake, Minnesota 55025
(651) 464-7590

A&E Erickson Inc.
910 S Pokegama Avenue
Grand Rapids, Minnesota 55744
(218) 999-7474

Walt Cressman; Gwen F Cressman; Judd
Selland; Kay Selland; Brian Miller
2502 13th Avenue E
Hibbing, Minnesota 55746
(218) 262-5052

Twin City TJ's Inc.; Tamra Kennedy
134 4th Avenue NW
Hutchinson, Minnesota 55350
(320) 587-3424

J-Ron Enterprises Inc.
719 E Depot
Litchfield, Minnesota 55355
(320) 693-3554

Bieg Deal LLC
109 LeMieur Street
Little Falls, Minnesota 56345
(320) 632-2754

Cassie Baum
8-22 Aviation Road
Little Falls, Minnesota 56345
320-639-2277

J-Ron Enterprises Inc.
900 S Kniss Avenue
Luverne, Minnesota 56156
(507) 283-4562

LTP Restaurants Inc.; Lance Peterson;
Tanya Peterson
2112 N Broad Court
Mankato, Minnesota 56001
(507) 388-2836

TLP Ventures Inc.; Lance Peterson; Tanya
Peterson
1040 Madison Avenue
Mankato, Minnesota 56001
(507) 386-8226

JAT Restaurants LLC
13320 Grove Drive
Maple Grove, Minnesota 55369
(763) 416-1460

Bierschenk Inc.
1300 E College Drive
Marshall, Minnesota 56258
(507) 537-1363

JAT Restaurants LLC
9495 Deegan Avenue NE
Monticello, Minnesota 55362
(763) 295-6913

E-dot Restaurant Management Inc.
108 Atlantic Avenue
Morris, Minnesota 56267
(320) 589-2133

Twin City TJ's Inc.; Tamra Kennedy
4217 Winnetka Avenue N
New Hope, Minnesota 55428
(763) 432-7294

Lilleodden Enterprises LLC
1301 S Broadway Street
New Ulm, Minnesota 56073
(507) 354-8226

Stillwater Tacos Inc.
5910 Neal Avenue N
Oak Park Heights, Minnesota 55082
(651) 439-7771

Oakdale Tacos Inc.
1010 Gershwin Avenue N
Oakdale, Minnesota 55128
(651) 738-6831

Adahway LLC
38668 US Highway 169
Onamia, Minnesota 56359
(320) 738-1399

Steele County Taco Inc.
1839 S Cedar Avenue
Owatonna, Minnesota 55060
(507) 451-2023

E-dot Restaurant Management Inc.
301 S Rum River Drive
Princeton, Minnesota 55371
(763) 389-5478

Dual Brands Inc.; Walt Cressman
1045 7th Street NW
Rochester, Minnesota 55901
(507) 281-9409

TJ's of Savage Inc.; Cindy J Lund-Geer
15085 Canada Avenue
Rosemount, Minnesota 55068
(651) 423-6005

JAT Restaurants LLC
155 County Road 120
Sartell, Minnesota 56377
(320) 281-5588

TJ's of Savage Inc.; Cindy J Lund-Geer
4111 Egan Drive
Savage, Minnesota 55378
(952) 890-6100

Ed Bounds
1301 Heather Street
Shakopee, Minnesota 55379
(952) 496-2798

JAT Restaurants LLC
29 Division Street
Waite Park, Minnesota 56387
(320) 251-4220

E-dot Restaurant Management Inc.
22945 Lake George Blvd NW
St Francis, Minnesota 55070
(763) 753-7885

JAT Restaurants LLC
211 County Road 75 W
St Joseph, Minnesota 56374
(320) 557-0557

Twin City TJ's Inc.; Tamra Kennedy
3340 Rice Street
St Paul, Minnesota 55126
(651) 483-5776

Mountain Home Hospitality TN LLC
103 N Minnesota Avenue
St Peter, Minnesota 56082
(507) 934-6201

TRF Hospitality TN LLC
122 3rd Street W
Thief River Falls, Minnesota 56701
(218) 681-5987

Twin City TJ's Inc.; Tamra Kennedy
4430 S Lake Street
White Bear Lake, Minnesota 55110
(651) 653-5997

Beef or Beans Inc.; Beverly Engleson;
Randy Kragh
1303 S 1st Street
Willmar, Minnesota 56201
(320) 231-2716

DDI of Winona Inc.
1213 Gilmore Avenue
Winona, Minnesota 55987
(507) 452-6057

Bierschenk-Worthington Inc.
1444 Oxford Street
Worthington, Minnesota 56187
(507) 376-6661

MISSOURI

CG Hospitality TN LLC
111 N Kings Highway
Cape Girardeau, Missouri 63701
(573) 651-3555

V&Y LLC
2300 Bernadette Drive Space 716
Columbia, Missouri 65203
(573) 499-9992

Independence Hospitality TN LLC
4242 S Noland Road
Independence, Missouri 64055
(816) 381-7827

ESS Foods LLC
1215 Millcreek Road
Lebanon, Missouri 65536
(417) 533-7000

OLE 2021, LLC
1015 S Main Street
Maryville, Missouri 64468
(660) 582-8056

Brenda White; Donna White; Larry A
White; Larry G White
309 N 2nd Street
Odessa, Missouri 64076
(816) 633-8662

D&S Bluff LLC
2780 Tucker Road
Poplar Bluff, Missouri 63901
(573) 727-8145

KTA Enterprises Inc.; Thomas (Sonny) Pratt
1409 E Malone Avenue
Sikeston, Missouri 63801
(573) 471-3344

OLE 2021, LLC
6110 Lake Avenue
St Joseph, Missouri 64504
(816) 364-2131

OLE 2021, LLC
2205 N Belt Highway
St Joseph, Missouri 64506
(816) 238-5685

OLE 2021, LLC
1315 S Belt Highway
St Joseph, Missouri 64507
(816) 364-3355

MONTANA

PenCore Holdings Inc.
1105 Grand Avenue
Billings, Montana 59101
(406) 252-3318

PenCore Holdings Inc.
402 Main Street
Billings, Montana 59101
(406) 248-8002

PenCore Holdings Inc.
2655 Central Avenue
Billings, Montana 59101
(406) 656-3688

PenCore Holdings Inc.
749 S 20th Street W
Billings, Montana 59102
(406) 655-9764

PenCore Holdings Inc.
1104 Shiloh Crossing
Billings, Montana 59102
(406) 534-6313

Best Taco Investments LLC
303 N 7th Avenue
Bozeman, Montana 59715
(406) 587-0373

Les Torgerson; Terri LaFontaine Torgerson
232 Central Avenue W
Browning, Montana 59417
(406) 338-4831

Big Sky Taco Vendors Inc.
1301 10th Avenue S
Great Falls, Montana 59401
(406) 727-2222

Big Sky Taco Vendors Inc.
1001 14th Street N
Great Falls, Montana 59401
(406) 727-2758

Ole Enterprises LLC
825 Northwest Bypass
Great Falls, Montana 59404
(406) 453-4141

TORCO LLC
215 W 14th Street
Hardin, Montana 59034
(406) 665-1370

OLE 2021, LLC
505 1st Street W
Havre, Montana 59501
(406) 265-6100

OLE 2021, LLC
2301 N Montana Avenue
Helena, Montana 59601
(406) 443-3710

OLE 2021, LLC
150 N Main Street
Kalispell, Montana 59901
(406) 257-1721

Best Taco Investments LLC
1115 W Lewis Street
Livingston, Montana 59047
(406) 222-1911

Best Taco Investments LLC
911 S Haynes Street
Miles City, Montana 59301
(406) 234-2627

Doering LLC
2600 S Reserve Street
Missoula, Montana 59801
(406) 543-7275

TRT Inc.
724 S Central Avenue
Sidney, Montana 59270
(406) 433-2295

NEBRASKA
AL Hospitality TN LLC
824 E 3rd Street
Alliance, Nebraska 69301
(308) 762-6590

Bremer Restaurant Management, Inc.
1215 N 6th Street
Beatrice, Nebraska 68310
(402) 228-1334

Bremer Restaurant Management Inc.
1314 Harlan Drive
Bellevue, Nebraska 68005
(402) 934-9655

Taco John's of Nebraska Inc.
102 W 5th Street
Bridgeport, Nebraska 69336
(308) 641-7756

Taco Queen Inc.
930 G Street
Central City, Nebraska 68826
(308) 946-2801

CH Hospitality TN LLC
1310 W Highway 20
Chadron, Nebraska 69337
(308) 432-4509

Bremer Restaurant Management Inc.
3805 Howard Blvd
Columbus, Nebraska 68601
(402) 564-1022

Bremer Restaurant Management Inc.
3310 Elk Lane
Fremont, Nebraska 68025
(402) 620-4385

GRG Hospitality TN LLC
3650 N 10th Street
Gering, Nebraska 69341
(308) 632-3100

Wiltgen Inc.; Jim Wiltgen
1007 W 2nd Street
Grand Island, Nebraska 68801
(308) 384-6141

Wiltgen Inc. II; Jim Wiltgen
1408 S Locust Street
Grand Island, Nebraska 68801
(308) 382-0380

Grand Island TJ's Inc.; Jim Wiltgen
2210 N Webb Road
Grand Island, Nebraska 68803
(308) 381-8267

LRH Inc.
729 S Burlington Street
Hastings, Nebraska 68901
(402) 462-4211

Wiltgen Inc.
419 E 25th Street
Kearney, Nebraska 68847
(308) 234-9515

TACOED Inc.
105 W 56th Street
Kearney, Nebraska 68847
(308) 224-2400

DeRock Inc.
501 N Madison Street
Lexington, Nebraska 68850
(308) 324-6610

Echo Valley Enterprises Inc.
3301 N 27th Street
Lincoln, Nebraska 68521
(402) 466-8226

Echo Valley Enterprises Inc.
5641 S 56th Street
Lincoln, Nebraska 68516
(402) 423-8230

Triple H Companies LLC
2301 N 84th Street
Lincoln, Nebraska 68507
(402) 325-0105

Echo Valley Enterprises Inc.
1126 South Street
Lincoln, Nebraska 68502
(402) 477-2943

MSB Enterprises LLC; Jerry Calvin; Robin Calvin
710 West B Street
McCook, Nebraska 69001
(308) 345-1980

Top Tier LLC
2410 S 11th Street
Nebraska City, Nebraska 68410
(402) 873-7956

Murray 5G Inc.
801 S 13th Street
Norfolk, Nebraska 68701
(402) 316-7832

T-J Inc.
1216 E 4th Street
North Platte, Nebraska 69101
(308) 534-2258

T-J Inc.
3211 Detco Circle
North Platte, Nebraska 69101
(308) 534-0200

Richard L Shelhamer; Margaret A
Shelhamer; Carolyn Hahlbeck
1002 E Douglas Street
O'Neill, Nebraska 68763
(402) 336-3421

Epic Eats LLC
302 Oregon Trail Suite 100
Ogallala, Nebraska 69153
(308) 284-8226

Bremer Restaurant Management Inc.
2901 N 108th Street
Omaha, Nebraska 68164
(402) 964-2111

Bremer Restaurant Management Inc.
350 N 168th Street
Omaha, Nebraska 68118
(402) 330-5253

Bremer Restaurant Management Inc.
5445 L Street
Omaha, Nebraska 68117
(402) 731-8250

Bremer Restaurant Management Inc.
1115 S Saddle Creek Road
Omaha, Nebraska 68106
(402) 553-7400

Bremer Restaurant Management Inc.
15375 Weir Street
Omaha, Nebraska 68137
(402) 614-4250

SB Hospitality TN LLC
3206 Avenue I
Scottsbluff, Nebraska 69361
(308) 633-3100

Love's Travel Stops & Country Inc.
645 Chase Blvd
Sidney, Nebraska 69162
(308) 254-4832

Murray 5G Inc.
2701 Dakota Avenue
S Sioux City, Nebraska 68776
(402) 494-4002

Michalek York LLC
3609 S Lincoln Avenue
York, Nebraska 68467
(402) 362-4736

NEVADA

TJ's Mexican Food Inc.; Julie Ann Raum
770 S Wells Avenue
Reno, Nevada 89502
(775) 786-8422

NORTH DAKOTA

DAC Foods Inc.
1911 N 13th Street
Bismarck, North Dakota 58501
(701) 223-7547

DAC Foods Inc.
320 S 3rd Street
Bismarck, North Dakota 58501
(701) 222-1878

DAC Foods Inc.
1922 E Broadway Avenue
Bismarck, North Dakota 58501
(701) 258-5151

DAC Foods Inc.
1518 Burnt Boat Drive
Bismarck, North Dakota 58503
(701) 258-1688

OLE 2021, LLC
354 Highway 2 W
Devils Lake, North Dakota 58301
(701) 662-2227

Preferred Restaurant Group Inc.
180 14th Street W
Dickinson, North Dakota 58601
(701) 483-0975

Love's Travel Stops & Country Stores Inc
7988 160th Avenue NE
Drayton, North Dakota 58225
(701) 454-0370

OLE 2021, LLC
2522 Gateway Drive
Grand Forks, North Dakota 58201
(701) 772-5712

PenCore Holdings Inc.
605 25th St. SW
Jamestown, North Dakota 58401
(701) 252-2508

DAC Foods Inc.
814 E Main Street
Mandan, North Dakota 58554
(701) 663-2828

Preferred Restaurant Group Inc.
1725 S Broadway
Minot, North Dakota 58702
(701) 838-3289

Parshall/Lucky Mound Community
Development Board & Corporation
305 2nd Avenue NE
Parshall, North Dakota 58763
(701) 627-4444

Robert Bergan; Joni Bergan
148 2nd Street NE
Valley City, North Dakota 58072
(701) 845-5495

ECHOS Management Group
801 Dakota Avenue
Wahpeton, North Dakota 58075
(701) 642-4680

Preferred Restaurant Group Inc.
1215 2nd Avenue W
Williston, North Dakota 58801
(701) 572-7980

OHIO

Taco John's of Ohio Inc.
392 Richland Avenue
Athens, Ohio 45701
(740) 594-4766

Love's Travel Stops & Country Stores Inc.
972 State Road 97
Bellville, Ohio 44813
(419) 886-0209

Love's Travel Stops & Country Stores Inc.
25727 Durdoc Street
Circleville, Ohio 43113
(740) 474-4126

We Love Tacos, LLC
8155 Highland Pointe Drive
West Chester Township, OH 45069
(513) 342-0102

SOUTH DAKOTA

PenCore Holdings Inc.
2300 SE 6th Avenue
Aberdeen, South Dakota 57401
(605) 225-2533

STI Inc.; Angela Charlson; Joyce Benne;
Sam Benne
1401 Mill Street
Belle Fourche, South Dakota 57717
(605) 892-6436

OLE 2021, LLC
101 Split Rock Blvd
Brandon, South Dakota 57005
(605) 582-7287

Ole Holdings LLC
609 Medary Avenue
Brookings, South Dakota 57006
(605) 692-7524

KFP Enterprises Inc.
704 E 5th Street
Canton, South Dakota 57013
(605) 987-2410

Chamberlain Hospitality TN LLC
126 S Front Street
Chamberlain, South Dakota 57325
(605) 734-4115

IBEats, LLC
86 Charles Street
Deadwood, South Dakota 57732
(605) 578-3975

Dakotamart Inc.
24327 US Highway 212
Eagle Butte, South Dakota 57625
(605) 964-8146

Traden Inc.
1145 Jensen Highway
Hot Springs, South Dakota 57747
(605) 745-6880

PenCore Holdings Inc.
410 Dakota Avenue N
Huron, South Dakota 57350
(605) 352-4474

MB Hospitality TN LLC
219 W 4th Avenue
Milbank, South Dakota 57252
(605) 432-4906

GF Buche Company
Hwy 18
Mission, South Dakota
(605)384-4333

Midwest Mexican Foods Inc.
701 N Sanborn Blvd
Mitchell, South Dakota 57301
(605) 996-4445

Bridge City Taco LLC
221 E Grand Crossing
Mobridge, South Dakota 57601
(605) 845-7559

Murray 5G Inc.
1240 River Drive
N Sioux City, South Dakota 57049
(605) 232-5809

PenCore Holdings Inc.
415 E Sioux Avenue
Pierre, South Dakota 57501
(605) 224-2083

Angela Charlson
Main Street
Pine Ridge, South Dakota 57770
(605) 867-5333

Ole Enterprises LLC
1710 Cambell Street
Rapid City, South Dakota 57701
(605) 343-6778

Ole Enterprises LLC
3812 Eglin Street
Rapid City, South Dakota 57703
(605) 791-2062

Ole Enterprises LLC
1828 Haines Avenue
Rapid City, South Dakota 57701
(605) 343-3119

Ole Enterprises LLC
2810 W Main Street
Rapid City, South Dakota 57701
(605) 343-7844

Midwest Mexican Foods Inc.
1700 E 10th Street
Sioux Falls, South Dakota 57103
(605) 339-9558

Midwest Mexican Foods Inc.
1920 W 12th Street
Sioux Falls, South Dakota 57103
(605) 338-8518

Midwest Mexican Foods Inc.
1420 W 41st Street
Sioux Falls, South Dakota 57105
(605) 361-7970

Goten S&B Inc.
1224 E 57th Street
Sioux Falls, South Dakota 57108
(605) 332-0300

Goten S&B Inc.
4209 N Cliff Avenue
Sioux Falls, South Dakota 57104
(605) 338-7121

Midwest Mexican Foods Inc.
4001 W 41st Street
Sioux Falls, South Dakota 57105
(605) 339-2730

Goten S&B Inc.
5100 S Louise Avenue
Sioux Falls, South Dakota 57108
(605) 361-9920

Goten S&B Inc.
6729 W 41st Street
Sioux Falls, South Dakota 57106
(605) 362-1020

Midwest Mexican Foods Inc.
1804 S Sycamore Avenue
Sioux Falls, South Dakota 57103
(605) 271-1191

Pond Enterprises Inc.
406 E Hickory Street
Sisseton, South Dakota 57262
(605) 698-7310

Gar-Shar Incorporated
504 W Jackson Blvd
Spearfish, South Dakota 57783
(605) 642-4620

IBEatS, LLC
2314 S Junction Avenue
Sturgis, South Dakota 57785
(605) 347-3556

Hennessey Enterprises Inc.
825 E Cherry Street
Vermillion, South Dakota 57069
(605) 624-9431

PenCore Holdings Inc.
24 9th Avenue SE
Watertown, South Dakota 57201
(605) 886-3149

G.F. Buche Company
401 SD-46
Wagner, SD 57380
(605) 384-4010

G.F. Buche Company
1124 E. 5th St.
Winner, SD 57580
(605) 384-4333

Murray 5G Inc.
1014 Broadway Street
Yankton, South Dakota 57078
(605) 665-4114

TENNESSEE
Supreme Tacos, LLC
1806 Fort Campbell Blvd.
Clarksville, TN 37042
(931) 919-2049

Supreme Tacos, LLC
1645 Hankook Road
Clarksville, TN 37043
(931) 538-3079

Twin Lakes Food Services LLC
415 Donelson Parkway
Dover, Tennessee 37058
(931) 634-8050

Elizabethton Hospitality TN LLC
601 Broad Street
Elizabethton, Tennessee 37643
(423) 543-4999

Morristown Hospitality TN LLC
2770 W Andrew Johnson Highway
Morristown, Tennessee 37814
(423) 587-2640

Love's Travel Stops & Country Stores Inc.
1003 Highway 76
White House, Tennessee 37188
(615) 672-6902

UTAH

Love's Travel Stops and Country Stores, Inc
915 S 1100 Avenue W
Fillmore, UT 84631
(435) 334-7001

WASHINGTON

Love's Travel Stops and Country Stores,
Inc.
4315 Prichard Rd.
Moses Lake, WA 98837
(509) 761-5421

Lee's of Washington Inc.
E 1002 Wellesley
Spokane, Washington 99207
(509) 487-6093

WISCONSIN

Herman Basuki; Julie L Basuki
2405 Highway 45 N
Antigo, Wisconsin 54409
(715) 627-0500

James M Tysdal; Mary Tysdal
1416 N Richmond Street
Appleton, Wisconsin 54911
(920) 733-0544

Z's Taco Casa LLC
2672 Eaton Road
Bellevue, Wisconsin 54311
(920) 406-7630

BB Taco LLC
147 Liberty Avenue
Beloit, Wisconsin 53511
(608) 365-7055

Sparks Tacos BRF LLC
400 Oasis Road
Black River Falls, Wisconsin 54615
(715) 284-3010

PZA Inc.
257 W Prairie View Road
Chippewa Falls, Wisconsin 54729
(715) 723-5011

PZA Inc.
2982 Commercial Blvd
Chippewa Falls, Wisconsin 54729
(715) 726-2335

PZA Inc.
2001 Brackett Avenue
Eau Claire, Wisconsin 54701
(715) 834-0031

BB Taco LLC
11180 Goede Road
Edgerton, Wisconsin 53534
(608) 884-0196

PenCore Holdings Inc.
84 N Main Street
Fond Du Lac, Wisconsin 54935
(920) 922-4400

Wisconsin Tacos Inc.
710 11th Street S
Hudson, Wisconsin 54016
(715) 386-5522

BB Taco LLC
2821 Milton Avenue
Janesville, Wisconsin 53545
(608) 563-2096

Stoneridge Kaukauna LLC
300 E Ann Street
Kaukauna, Wisconsin 54130
(920) 766-6080

Jeffrey D Fennie; Karla M Fennie
1211 Jackson Street
La Crosse, Wisconsin 54601
(608) 782-1890

Jeffrey D Fennie; Karla M Fennie
602 Monitor Street
La Crosse, Wisconsin 54603
(608) 782-1750

Wisconsin Tacos Inc.
813 N Central Avenue
Marshfield, Wisconsin 54449
(715) 387-4884

Wisconsin Tacos Inc.
1526 Broadway Street N
Menomonie, Wisconsin 54751
(715) 235-4477

Ole 2021, LLC
2170 Miller Parkway
Milwaukee, WI 53219
(262) 330-0450

Ole 2021, LLC
4650 S. 5th Street (formerly Layton Ave.)
Milwaukee, WI 53221
(414) 285-5069

Wisconsin Tacos Inc.
6305 Monona Drive
Monona, Wisconsin 53716
(608) 221-4622

Midwest Taco Maker LLC
105 N Sawyer Street
Oshkosh, Wisconsin 54902
(920) 230-8226

Sparks Taco's, LLC
12910 Cox Lane
Osseo, Wisconsin 54758
(715) 597-6819

Victual Inc.
1465 E Business Highway 151
Platteville, Wisconsin 53818
(608) 348-5400

Wisconsin Tacos Inc.
2941 S Decker Drive
Rice Lake, Wisconsin 54868
(715) 234-3011

Daryl Kleine; Kelly Guralski-Kleine
5512 Business Highway 51 S
Schofield, Wisconsin 54476
(715) 298-3413

Ole Enterprises LLC
1616 Academy Avenue
Stevens Point, Wisconsin 54481
(715) 544-4402

SAM Enterprises Inc.
2437 Tower Avenue
Superior, Wisconsin 54880
(715) 395-1725

PenCore Holdings Inc.
317 N Grand Avenue
Waukesha, Wisconsin 53186
(262) 524-9898

Wautoma Shell LLC
W7684 State Road 21 & 73
Wautoma, Wisconsin 54982
(920) 787-1050

Ole 2021, LLC
6749 W. Greenfield Avenue
West Allis, WI 53214
(414)285-6204

PenCore Holdings Inc.
610 E Grand Avenue
Wisconsin Rapids, Wisconsin 54494
(715) 421-0602

Herman Basuki; Julie L Basuki
412 Genesee Street
Wittenberg, Wisconsin 54499
(715) 253-2340

WYOMING

Lodar Enterprises Inc.; Lori Stilwell; Daryl Stilwell
4031 E 2nd Street
Casper, Wyoming 82609
(307) 235-4016

Lodar Enterprises Inc.; Lori Stilwell; Daryl Stilwell
80 West F Street
Casper, Wyoming 82609
(307) 235-0297

Lodar Enterprises Inc.; Lori Stilwell; Daryl Stilwell
4035 Plaza Drive
Casper, Wyoming 82604
(307) 262-0591

4 Cities, Inc.
2207 17th Street
Cody, Wyoming 82414
(307) 527-6424

Lodar Enterprises Inc.; Lori Stilwell; Daryl Stilwell
400 Teton Way
Douglas, Wyoming 82633
(307) 358-3744

Northwest Distributing Company; Mandy Phillips
808 E 2nd Street
Gillette, Wyoming 82716
(307) 682-2224

Northwest Distributing Company; Mandy Phillips
610 E Boxelder Road
Gillette, Wyoming 82718
(307) 685-6950

4 Cities, Inc.
870 Main Street
Lander, Wyoming 82520
(307) 332-0291

T-J Inc.
2114 Grand Avenue
Laramie, Wyoming 82070
(307) 745-5085

Lodar Enterprises Inc.; Lori Stilwell; Daryl Stilwell
3533 W Yellowstone Highway
Mills, Wyoming 82609
(307) 235-8102

Gateway Travel Center LLC
5007 Highway 16
Newcastle, Wyoming 82701
(307) 746-2002

4 Cities, Inc.
525 E Coulter Avenue
Powell, Wyoming 82435
(307) 754-9527

T-J Inc.
623 W Main Street
Riverton, Wyoming 82501
(307) 856-9649

4 Cities, Inc.
450 N Center Street
Rock Springs, Wyoming 82901
(307) 362-2252

Northwest Distributing Company; Mandy
Phillips
2175 Sugarland Drive
Sheridan, Wyoming 82801
(307) 673-4709

The LLL Company
407 Park Street
Thermopolis, Wyoming 82443
(307) 864-2262

4 Cities, Inc.
1457 South Street
Wheatland, Wyoming 82201
(307) 322-4058

Lodar Enterprises Inc.; Lori Stilwell; Daryl
Stilwell
1001 Pulliam Avenue
Worland, Wyoming 82401
(307) 347-6429

FRANCHISE AGREEMENTS SIGNED BUT RESTAURANTS NOT OPEN
AS OF DECEMBER 31, 2023

TBD, CO

Dara Dejbakhsh
(949) 233-3877

TBD-IA

Ole Enterprises LLC
(605) 228-8468

RICE, MN

Cassie Baum
(320) 360-4914

TBD - FARGO, ND

Ole 2021, LLC
(605-228-8468

KETTERING, OH

We Love Tacos, LLC
(616) 560-3169

KENOSHA, WI

Ole 2021, LLC
(605) 228-8468

MOUNT PLEASANT, WI

Ole 2021, LLC
(605) 228-8468

REEDSBURG, WI

Victual, Inc.
(608) 348-4225

ATTACHMENT E
LIST OF FORMER FRANCHISEES

**LIST OF FRANCHISEES WHO HAVE CEASED
DOING BUSINESS IN THE ONE YEAR PERIOD
ENDED DECEMBER 31, 2023**

Listed below are the names and last known city, state and telephone numbers of every franchisee who has had a Taco John's Restaurant terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this Disclosure Document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

FRANCHISEE NAME	CITY	STATE	LAST KNOWN PHONE	TRANSFER	NO. OF RESTAURANTS
Taco John's of Cedar Rapids, Inc.	Cedar Rapids	IA	319-396-2355	X	1
Kum and Go, L.C.	Clear Lake	IA	515-671-2789		1
Fore US LLC	Maquoketa	IA	563-652-0638		1
Schwest II, LLC	Missouri Valley	IA	402-480-2577		1
The Cirrus Corporation	Newton	IA	641-831-0008	X	1
CRS Ventures LLC	Champaign	IL	217-621-2895		1
Interstate Investors Group, LLC	East Moline	IL	920-809-2557	X	1
D&G Properties, Inc.	Evansville	IN	417-293-3332	X	2
D&G Properties, Inc.	Henderson	KY	417-293-3332	X	1
Jacob Stauffer/RB Grisham, Jr	Paducah	KY	417-293-3332	X	1
MT Erickson, Inc.	Bemidji	MN	218-355-0081	X	1
MT Erickson, Inc.	Grand Rapids	MN	218-355-0081	X	1
Carpson LLC/Catherine J. Carpenter/Scott F. Carpenter	Minneapolis	MN	612-437-7081		1
W.S. Enterprises, Inc.	Moorhead	MN	605-390-7679		1
D&G Properties, Inc.	Cape Girardeau	MO	417-293-3332	X	1
Rosno Enterprises #1	Beatrice	NE	308-830-8001	X	1
Schwest Enterprises, Inc.	Gretna	NE	402-480-2577		1
W.S. Enterprises, Inc.	Fargo	ND	605-390-7679		4
W.S. Enterprises, Inc.	West Fargo	ND	605-390-7679		1
Lori Collins/Kevin Collins	Deadwood	SD	605-347-6086	X	1

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FRANCHISEE NAME	CITY	STATE	LAST KNOWN PHONE	TRANSFER	NO. OF RESTAURANTS
Lotta's Mexican Food, Inc.	Sturgis	SD	605-224-8789	X	1
D&G Properties, Inc.	Elizabethton	TN	417-293-3332	X	1
D&G Properties, Inc.	Morristown	TN	417-293-3332	X	1
Larry King Enterprises, Inc.	Kennewick	WA	541-318-5559		1
JAM of Black River Falls, Inc.	Black River Falls	WI	715-828-9962	X	1
JAM of Osseo, Inc.	Osseo	WI	715-828-9962	X	1
R.T.J., Inc.	Cody	WY	307-899-1924	X	1
R.T.J., Inc.	Lander	WY	307-899-1924	X	1
R.T.J., Inc.	Powell	WY	307-899-1924	X	1
R.T.J., Inc.	Rock Springs	WY	307-899-1924	X	1
MIKRO, Inc.	Torrington	WY	353-751-1127		1
R.T.J., Inc.	Wheatland	WY	307-899-1924	X	1

There were two franchisees who transferred a total of three Restaurants to third parties, but the franchisees or their owners also own other Restaurants, and as a result, did not leave the system.

There were four franchisees who closed a total of six Restaurants, but the franchisees or their owners also continued to operate other Restaurants they owned, and as a result did not leave the system. Because none of these franchisees left the system, they are not included in the list above, although the changes in these outlets are shown in Item 20 of the Disclosure Document. As a result, there are 21 franchisees, owning 36 Restaurants who left the system and are shown in this chart.

In addition, there were five franchisees owning six restaurants who transferred an equity interest in a franchisee entity in 2023. However, the franchisee remains in the system and is not listed in this chart.

ATTACHMENT F
FINANCIAL STATEMENTS

TACO JOHN'S INTERNATIONAL, INC.
CONSOLIDATED FINANCIAL REPORT
DECEMBER 31, 2023, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Taco John's International, Inc.
Cheyenne, Wyoming

Opinion

We have audited the consolidated financial statements of Taco John's International, Inc. (the Company), which comprise the Consolidated Balance Sheets as of December 31, 2023, 2022 and 2021; the related Consolidated Statements of Income, Retained Earnings, and Cash Flows for the years then ended; and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Restatements

As discussed in Note 1 to the financial statements, the 2022 and 2021 financial statements have been restated to correct misstatements related to the Company's advertising funds. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information, which comprises the Franchise Disclosure Document but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
March 22, 2024

TACO JOHN'S INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS
December 31, 2023, 2022 and 2021

	2023	2022 (Restated)	2021 (Restated)
ASSETS (Note 6)			
Current Assets			
Cash	\$ 6,532,231	\$ 6,810,546	\$ 10,072,859
Restricted cash, advertising funds	873,864	1,687,082	3,207,681
Receivables:			
Trade, less allowance for credit losses 2023 \$28,000; 2022 \$22,000; 2021 \$37,000	1,851,314	1,876,176	1,791,727
Notes, current portion, less allowance for credit losses 2023 \$20,000; 2022 \$19,000; 2021 \$10,000 (Note 2)	117,909	26,675	300,510
Inventories	80,401	86,607	56,027
Prepaid expenses and other current assets	223,840	160,440	383,410
Advertising fund restricted assets, less allowance for credit losses 2023 \$11,000; 2022 \$6,000; 2020 \$5,000	1,825,006	2,053,209	1,828,258
Kitchen deposits held for franchisees	1,699,922	2,839,397	-
Assets held for sale (Note 4)	321,058	224,012	1,390,437
Total current assets	13,525,545	15,764,144	19,030,909
Notes Receivable, less current portion and allowance for credit losses 2023 \$4,000; 2022 \$5,000; 2021 \$98,000 (Note 2)	196,251	72,618	2,867,997
Property and Equipment			
Company-owned restaurants:			
Land	2,187,603	2,187,603	2,187,603
Buildings and leasehold improvements	7,419,287	7,252,739	5,496,963
Furniture and equipment	2,948,710	2,898,126	1,824,891
Administrative offices:			
Building and improvements	1,563,864	1,532,503	-
Furniture and equipment	1,496,035	1,253,976	1,348,679
Construction in progress	16,560	78,305	58,696
	15,632,059	15,203,252	10,916,832
Less accumulated depreciation	4,265,032	3,276,627	3,844,249
	11,367,027	11,926,625	7,072,583
Operating Lease Right-of-Use Assets (Note 5)	6,387,265	6,780,592	-
Finance Lease Right-of-Use Assets (Note 5)	51,453	108,394	184,949
Property Held for Investment	-	321,058	321,058
Total assets	\$ 31,527,541	\$ 34,973,431	\$ 29,477,496

Continued

TACO JOHN'S INTERNATIONAL, INC.

CONSOLIDATED BALANCE SHEETS, *Continued*

December 31, 2023, 2022 and 2021

	2023	2022 (Restated)	2021 (Restated)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable and accrued expenses (Note 7)	\$ 1,761,291	\$ 2,883,209	\$ 3,090,601
Due to affiliates (Note 3)	703,961	619,411	673,127
Deferred foodservice distribution fees	270,685	594,496	274,545
Franchise deposits	615,000	825,000	960,000
Unearned gift card revenue	1,049,937	1,064,000	1,036,000
Advertising fund restricted liabilities	2,699,838	3,679,903	4,631,775
Line of credit, net of unamortized debt issuance costs			
2023 \$45,549; 2022 \$53,358; 2021 \$0 (Note 6)	2,009,110	1,301	-
Current maturities of operating lease liabilities (Note 5)	421,743	-	-
Current maturities of finance lease liabilities (Note 5)	24,611	47,582	70,394
Total current liabilities	9,556,176	9,714,902	10,736,442
Operating Lease Liabilities, less current maturities (Note 5)	7,256,764	7,061,207	-
Finance Lease Liabilities, less current maturities (Note 5)	28,084	52,695	107,342
Total liabilities	16,841,024	16,828,804	10,843,784
Commitments and Contingencies (Notes 7, 8, 9 and 10)			
Stockholders' Equity			
Capital stock:			
Common, Class A, voting - \$0.01 par value;			
1,000,000 shares authorized; 2,000 shares issued and outstanding	20	20	20
Additional paid-in capital	550,670	550,670	550,670
Retained earnings	14,135,827	17,593,937	18,083,022
Total stockholders' equity	14,686,517	18,144,627	18,633,712
Total liabilities and stockholders' equity	\$ 31,527,541	\$ 34,973,431	\$ 29,477,496

See Notes to Consolidated Financial Statements.

TACO JOHN'S INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF INCOME
Years Ended December 31, 2023, 2022 and 2021

	2023	2022 (Restated)	2021 (Restated)
Revenues			
Franchise revenues:			
Franchise royalty fees, net of incentives 2023 \$655,857; 2022 \$434,246; 2021 \$484,409 (Note 3)	\$ 20,304,653	\$ 20,346,731	\$ 19,577,702
Advertising and marketing fees (Note 3)	5,126,186	5,619,540	4,568,359
Forfeitures and liquidating damages	147,314	327,896	114,541
Initial sale of franchise rights, development agreements, and supplies	308,750	245,000	88,750
Foodservice distribution fees	872,678	165,694	162,726
Total franchise revenues	26,759,581	26,704,861	24,512,078
Sales by Company-owned restaurants	9,659,004	7,059,600	8,321,840
Marketing allowances	1,215,447	1,063,064	1,051,482
Gift card breakage	132,025	127,173	117,158
Other (Note 3)	386,242	334,153	260,214
Total revenues	38,152,299	35,288,851	34,262,772
Costs and Expenses			
Franchise expenses:			
Affiliate royalty fees (Note 3)	4,286,390	4,228,600	4,095,640
Initial sale of franchise rights, development agreements, and supplies (Note 3)	56,000	41,000	19,970
Total franchise expenses	4,342,390	4,269,600	4,115,610
Company-owned restaurants cost of sales	3,157,189	2,451,649	2,546,922
Company-owned restaurants operating expenses	5,891,922	4,451,144	4,647,017
Advertising funds expense (Note 9)	6,947,091	7,147,797	6,122,407
General and administrative expenses (Notes 5, 7 and 8)	18,959,419	15,876,156	16,305,022
Total costs and expenses	39,298,011	34,196,346	33,736,978
Gain (Loss) on Disposal of Property and Equipment and Impairment Losses, net (Note 4)	54,391	1,012,735	(519,097)
Operating (loss) income	(1,091,321)	2,105,240	6,697
Financial (Expense) Income			
Interest (expense) income, net (Notes 2, 5, 6 and 10)	(3,626)	31,264	114,907
Gain on extinguishment of debt (Note 10)	-	-	2,320,496
Net (loss) income	\$ (1,094,947)	\$ 2,136,504	\$ 2,442,100

See Notes to Consolidated Financial Statements.

TACO JOHN'S INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years Ended December 31, 2023, 2022 and 2021

	Retained Earnings
Balance, December 31, 2020	\$ 19,711,988
Net income	2,442,100
Dividends	<u>(4,071,066)</u>
Balance, December 31, 2021	18,083,022
Net income	2,136,504
Dividends	<u>(2,625,589)</u>
Balance, December 31, 2022	17,593,937
Net (loss)	(1,094,947)
Dividends	<u>(2,363,163)</u>
Balance, December 31, 2023	<u>\$ 14,135,827</u>

See Notes to Consolidated Financial Statements.

TACO JOHN'S INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2023, 2022 and 2021

	2023	2022 (Restated)	2021 (Restated)
Cash Flows From Operating Activities			
Net (loss) income	\$ (1,094,947)	\$ 2,136,504	\$ 2,442,100
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	1,038,529	627,606	890,498
Noncash operating lease expense	393,327	308,796	-
Amortization of debt issuance costs	7,809	1,301	-
Provision for (recovery of) credit losses	11,000	(98,000)	11,500
(Gain) on extinguishment of debt	-	-	(2,290,500)
Loss (gain) on disposal of property and equipment	(27,094)	(876,365)	77,966
(Gain) on disposal of finance lease assets	(27,297)	(136,370)	-
Impairment loss on property held for sale	-	-	441,131
Gift card breakage	(132,025)	(127,173)	(117,158)
Changes in assets and liabilities:			
(Increase) decrease in:			
Trade receivables	(199,154)	(69,449)	64,176
Inventories, including those held for sale	6,206	(22,555)	24,684
Prepaid expenses and other current assets	(63,400)	222,970	(134,211)
Advertising fund restricted assets	223,203	(225,951)	(1,155,392)
Kitchen deposits held for franchisees	1,139,475	(2,839,397)	-
(Decrease) increase in:			
Accounts payable and accrued expenses	(1,152,988)	(567,491)	651,224
Due to affiliates	84,550	(53,716)	38,195
Deferred revenue	(323,811)	319,951	274,545
Franchise deposits	(210,000)	(135,000)	570,000
Unearned gift card revenue	117,962	155,173	108,158
Advertising fund restricted liabilities	(980,065)	(951,872)	1,378,974
Operating lease liabilities	617,300	(28,181)	-
Net cash (used in) provided by operating activities	(571,420)	(2,359,219)	3,275,890
Cash Flows From Investing Activities			
Payments on notes receivable	110,649	3,153,214	161,382
Purchase of property and equipment	(402,648)	(5,172,868)	(567,846)
Proceeds from sale of property and equipment	129,052	2,162,497	3,207,000
Proceeds from sale of finance lease assets	27,579	142,121	-
Net cash (used in) provided by investing activities	(135,368)	284,964	2,800,536
Subtotal (forward)	(706,788)	(2,074,255)	6,076,426

Continued

TACO JOHN'S INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS, *Continued*
Years Ended December 31, 2023, 2022 and 2021

	2023	2022 (Restated)	2021 (Restated)
Subtotal (forwarded)	\$ (706,788)	\$ (2,074,255)	\$ 6,076,426
Cash Flows From Financing Activities			
Proceeds from line of credit	2,000,000	-	-
Principal payments on finance lease liabilities	(21,582)	(83,068)	(143,172)
Cash dividends paid	(2,363,163)	(2,625,589)	(4,071,066)
Net cash (used in) financing activities	(384,745)	(2,708,657)	(4,214,238)
(Decrease) increase in cash and restricted cash	(1,091,533)	(4,782,912)	1,862,188
Cash and Restricted Cash			
Beginning	8,497,628	13,280,540	11,418,352
Ending	\$ 7,406,095	\$ 8,497,628	\$ 13,280,540
Supplemental Disclosures of Cash Flows Information			
Cash payments for interest	\$ 51,566	\$ 10,024	\$ 15,223
Cash payments for state taxes	2,370	7,295	14,724
Supplemental Schedule of Noncash Operating Activities			
Forgiveness of Paycheck Protection Program loan interest	\$ -	\$ -	\$ 29,996
Initial recognition of operating lease asset and liability	-	7,000,032	-
Supplemental Schedule of Noncash Investing and Financing Activities			
Trade receivable reclassified as note receivable	\$ 218,016	\$ -	\$ -
Sale of capital asset financed by note receivable	107,500	-	-
Capital asset additions financed by accounts payable	31,070	360,099	-
Initial recognition of finance lease asset and liability	-	86,664	53,812
Residual value of finance lease assets upon disposal	(26,000)	(81,055)	(40,025)
Property held for investment reclassified as property held for sale	321,058	99,013	79,914

See Notes to Consolidated Financial Statements.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of business: Taco John's International, Inc. (the Company) principally franchises and operates Taco John's Mexican food restaurants throughout the United States.

Principles of consolidation: The Company considers for consolidation entities in which a controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity (VIE), is required to be consolidated by its primary beneficiary. The primary beneficiary is the entity that possesses the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the right to receive benefits from the VIE that are significant to it.

The Company possessed a variable interest in Taco John's Advertising Production Fund Corporation (the Fund). The Fund was established as a requirement of the Company's franchise agreements. The purpose of the Fund was to develop advertising materials and disburse advertising funds for the benefit of the Company's franchisees. The Fund ceased operations during the year ended December 31, 2023 and was legally dissolved.

The Company's financial statements as of December 31, 2022 and 2021 were restated by \$1,661,432 and \$1,136,712, respectively, to recognize advertising fund restricted assets and liabilities associated with the Fund. As the assets of the Fund are restricted for advertising activities, as discussed below, the restatement had no impact on the Company's retained earnings or net income. All material intercompany accounts and transactions have been eliminated in consolidation.

A summary of the Company's significant accounting policies follows:

Cash: The Company maintains its cash in bank deposit accounts that, at times, may exceed Federally insured limits. The Company has not experienced any losses on such accounts and believes that it is not exposed to any significant credit risk on cash accounts.

Restricted cash: Restricted cash includes cash collected by the advertising funds, usage of which is restricted for advertising activities.

Trade accounts and notes receivable: Trade accounts and notes receivable are primarily generated from ongoing business relationships with the Company's franchisees as a result of the franchise agreements. Trade receivables bear interest of up to 1.5% per month. Notes receivable bear interest as stated in Note 2.

Receivables are stated net of an allowance for credit losses. Credit loss estimates include the consideration of the likelihood of default expected over the estimated life of the receivable. The Company periodically assesses the need for an allowance for credit losses based upon several key credit quality indicators, such as outstanding past-due balances, the financial strength of the obligor, the estimated fair value of any underlying collateral, and agreement characteristics.

The Company believes that its vulnerability to risk concentrations in its receivables is mitigated by its favorable historical collectability on past-due balances and expectations for fluctuations in general market conditions. Receivables are written off when there is a mutually agreed-upon settlement of debt, a discharge due to bankruptcy, or a terminated franchise agreement, and it is not cost-beneficial to pursue further collection. Recoveries of receivables previously written off are recorded when received.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

The trade accounts receivable and allowance for credit losses balances were \$1,892,903 and (\$23,000), respectively, as of January 1, 2021.

Inventories: Inventories are stated at the lower of cost (first-in, first-out method) or net realizable value and consist primarily of restaurant food items and paper supplies.

Advertising fund restricted assets and liabilities: Under the Company's franchise agreements, franchisees contribute 4% of revenues to the advertising fund. On behalf of franchisees, the Company collects, holds, and distributes the advertising funds. Contributions from franchisees are recorded as advertising and marketing fees (1.15%) in the Consolidated Statements of Income if the Company is acting as principal to the transactions. The remaining 2.85% of funds collected are not considered revenues or expenses of the Company, as the Company is acting as an agent. Advertising funds are used to build the Company's brand equity and awareness primarily through a national marketing strategy, including national television advertising, digital media, social media programs, email, loyalty, and public relations initiatives.

Kitchen deposits held for franchisees: To address supply chain backlog concerns, the Company paid a vendor for kitchen equipment on behalf of new franchisees. These deposits act as collateral until the new franchisees pay the vendor for, and take ownership of, the equipment. At that time, the deposits are eligible to be refunded to the Company. The Company believes that all deposits are fully refundable.

Assets held for sale: Noncurrent assets are classified as held for sale if it is highly probable that they will be recovered primarily through a sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount or fair value less costs to sell. Any impairment loss on a disposal group is allocated to assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on the initial classification as held for sale and subsequent gains and losses on remeasurement are recognized in operating income. Once classified as held for sale, property and equipment are no longer depreciated.

Debt issuance costs: Debt issuance costs are presented as a direct deduction from the carrying amount of the associated debt liability. Debt issuance costs are amortized over the term of the loan using the straight-line method. Accounting principles generally accepted in the United States of America (U.S. GAAP) require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization expense was \$7,809 and \$1,301 for the years ended December 31, 2023 and 2022, respectively, and is included in interest (expense) income, net in the Consolidated Statements of Income.

Property and equipment: Property and equipment are stated at cost. Assets with a cost of \$5,000 or more and a useful life of more than one year are capitalized and depreciated over their useful lives using the straight-line method. Leasehold improvements are amortized over the shorter of the lease term or the useful life of the assets. The estimated useful lives are as follows:

Buildings and leasehold improvements	5-30 years
Furniture and equipment	3-10 years
Vehicles	2-3 years

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

Maintenance and repairs of property and equipment are charged to operations, and major improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the results from operations in the period of disposal.

Leases: The Company determines if a contract contains a lease at inception. Generally, the lease term is the minimum of the noncancelable period of the lease, inclusive of renewal periods the Company is reasonably certain to exercise. The Company recognizes a right-of-use (ROU) asset and a lease liability for each lease with a contractual term greater than 12 months at the time of the lease inception. The Company does not record leases with an initial term of 12 months or less on the Balance Sheet but continues to record rent expense on a straight-line basis over the lease term.

Lease assets and liabilities are recognized at the lease commencement date, which is the date the Company controls the use of the property. Lease liabilities represent the present value of lease payments not yet paid. The Company did not make the policy election to combine lease and non-lease components. As such, common area maintenance payments are not part of future lease payments. The Company uses its incremental borrowing rate as disclosed in Note 6 as the discount rate for its leases.

ROU assets represent the Company's right to use an underlying asset and are based upon the lease liabilities adjusted for prepayments, initial direct costs, lease incentives, and the impairment of ROU assets, as applicable. Additionally, tenant incentives used to fund leasehold improvements are generally recognized when earned and reduce the Company's ROU asset related to the lease. These are amortized through the operating lease asset as reductions of expense over the lease term.

The Company's real estate operating leases typically include fixed rent escalations over the term of the lease. Operating lease expense is recognized on a straight-line basis over the lease term and is included in selling, general and administrative expenses.

The Company (a) does not have lease agreements that contain any material residual value guarantees or material restrictive covenants, (b) has not entered into any leases with related parties, (c) does not have any leases in which it acts as the lessor, and (d) is not party to any subleasing arrangements.

Impairment of long-lived assets: Management reviews long-lived assets used in operations for impairment whenever events and circumstances indicate that the carrying amount of an asset may not be recoverable. Any impairment loss will be measured by the difference between the fair value of an asset and its carrying amount and will be recognized in the period the recognition criteria are first applied and met.

Deferred foodservice distribution fees: Deferred revenue represents funds collected from franchisees that have yet to be expensed on dead inventory resolution and other supply chain issues. As the Company acts as a principal to these transactions, amounts received are deferred until the related expenses have been incurred. There was no deferred revenue balance as of January 1, 2021.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

Franchise deposits: The Company enters into area development agreements (ADA) with certain franchisees. The ADA generally provides the franchisee with the right to develop a specified number of new Taco John's restaurants within a stated, non-exclusive territory for a specified period, subject to the franchisee meeting interim new restaurant development requirements. The ADA fee is \$5,000 per restaurant, which is recorded as a deposit. The ADA is applied to the initial franchise fee at the time the restaurant is opened or is recognized as forfeitures and liquidating damages if the ADA is subsequently terminated.

Unearned gift card revenue: The Company records a liability in the period a gift card is sold. As gift cards are redeemed or incur breakage, as discussed below, the Company reduces the liability. Unearned gift card revenue was \$1,045,000 as of January 1, 2021.

Revenue recognition: The Company recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue From Contracts With Customers*, which provides a five-step model for recognizing revenue from contracts with customers, as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

The Company's revenues consist primarily of franchise revenues, which include the initial sale of franchise rights, agreements, and supplies; franchise royalty fees; advertising and marketing fees; and foodservice distribution and supply chain fees. Revenues also include sales by Company-owned restaurants, marketing allowances, and gift card breakage. The Company's products and services are marketed and sold primarily to customers in the United States. Results of operations are substantially affected by economic conditions, which can vary significantly by market and are impacted by consumers' disposable income levels and spending habits.

Franchise revenues: The Company's franchise agreement provides a franchisee the right to construct, own and operate a Taco John's restaurant upon a site accepted by the Company and to use the Company's system in connection with the operation of the restaurant at that site. The franchise agreement generally provides for a term of 10 to 20 years and up to three 10-year renewals subject to certain conditions. The Company's franchise agreement includes (a) pre-opening services, such as training; (b) the right to use the Company's symbolic intellectual property over the term of each franchise agreement; and (c) ongoing services, such as the management of the advertising and marketing fund contributions, the development of training materials and menu items, and restaurant monitoring.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

The franchise agreement provides for various fees, including, but not limited to, the following:

- (a) Initial franchise fees ranging from \$10,000 to \$25,000, including pre-opening services and the sale of franchise equipment, supplies, and rights, are recognized when the requirements of the franchise agreement have been substantially fulfilled, usually upon opening. These promises are highly dependent upon, and interrelated with, the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and, therefore, are accounted for as a single performance obligation.
- (b) Continuing royalties are calculated as a percentage of franchise restaurant sales that are related entirely to the Company's performance obligation under the franchise agreement. These royalties are considered variable consideration, but because they relate to a license of intellectual property, they are not included in the transaction price. Instead, royalty revenue is recognized as franchise restaurant sales occur. The royalty fee is 5% of sales. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represents a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day to day, the symbolic intellectual property is accessed over time, and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities). At times, the Company offers reductions in the required royalty fee to certain franchisees. These incentives are accounted for as a reduction to the transaction price.
- (c) Advertising and marketing fees are calculated as 1.15% of franchise restaurant sales and are considered variable consideration. The performance obligation under the franchise agreement is the management of the advertising and marketing fees, which are used to promote the intellectual property of the Company and its franchisees.
- (d) Foodservice distribution fees are calculated at \$0.08 per case for all products sold under the Company's foodservice distribution agreement and are considered variable consideration. The performance obligation under the purchase agreement is to provide dead inventory resolution and other supply chain support. The foodservice distribution fees are collected by the foodservice distribution vendor and remitted to the Company on a quarterly basis.

Sales by Company-owned restaurants: The Company records food and beverage revenue from Company-owned stores upon the delivery of the food or beverage to the customer (the consumer), which is when the performance obligation is satisfied. The Company collects and remits sales taxes on transactions with customers and reports such amounts under the net method in the Consolidated Statements of Income. Accordingly, these taxes are not included in gross revenue. The Company owned seven restaurants at December 31, 2023, 2022 and 2021.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

Marketing allowances: Marketing allowance revenue is recorded based on the transaction price, which includes variable consideration based on purchase requirements set forth by the Company's vendors. The performance obligation for the marketing allowances is the sale of certain soft drinks and other food items. Payment terms are set forth in the vendor agreements and are either (a) advanced to the Company at the beginning of the year based on the prior year's purchases or (b) remitted to the Company on a quarterly basis.

Gift card breakage: The Company sells gift cards that do not have an expiration date, and it does not deduct dormancy fees from outstanding gift card balances. The Company uses historic gift card redemption patterns to determine the probability of a gift card's redemption. When a gift card is redeemed by a customer, the Company remits the cash value to the applicable franchise. Gift card breakage is recognized when the likelihood of a gift card being redeemed by the customer is remote and the Company determines that there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction. The determination of the gift card breakage rate is based upon the Company's historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage on a pro rata basis over the period of estimated redemption.

Advertising: Advertising production costs are expensed in the period the advertising first takes place. Other advertising costs are expensed as incurred.

Self-insurance programs: The Company utilizes a self-insurance plan for health insurance. Predetermined loss limits have been arranged with an insurance company to limit the Company's per-occurrence cash outlay. Accounts payable and accrued expenses include the estimated cost to settle reported claims and incurred but not reported claims.

Income taxes: The Company, with the consent of its stockholders, elected to be taxed under sections of Federal and state income tax laws which provide that, in lieu of corporation income taxes, the stockholders separately account for their pro rata shares of the Company's items of income, deduction, losses, and credits. As a result of this election, no income taxes have been recognized in the accompanying financial statements.

Management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustments to the financial statements. With few exceptions, the Company is no longer subject to income tax examinations by U.S. Federal, state, or local tax authorities except for the last three years filed.

Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Restatements: In addition to the restatement for the VIE disclosed previously, the Consolidated Balance Sheets as of December 31, 2022 and 2021 were restated by \$940,482 and \$950,635, respectively, to recognize advertising fund restricted assets and liabilities associated with the advertising cooperatives of the Company, and by \$58,155 and \$59,712, respectively, to eliminate previously unreported intercompany activity. The restatements had no impact on retained earnings.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Business and Summary of Significant Accounting Policies, *Continued*

Reclassifications: Certain assets and liabilities on the Consolidated Balance Sheets as of December 31, 2022 and 2021 and certain revenues and expenses on the Consolidated Statements of Income for the years then ended have been reclassified to be consistent with the classifications adopted for the year ended December 31, 2023, with no effect on retained earnings or net income.

Subsequent events: Events occurring subsequent to the Consolidated Balance Sheet date have been evaluated for financial statement impact or disclosure through March 22, 2024, the date the financial statements were available to be issued.

Note 2. Notes Receivable

At December 31, 2023, the Company has three notes receivable outstanding, one of which is fully allowed for. The other two notes receivable have a combined balance of \$320,913 at December 31, 2023. One note receivable bears interest at 5%, requires monthly payments through July 2031, and is collateralized. The other note receivable is noninterest-bearing, requires monthly payments from February 2024 through December 2025, and is unsecured. The current maturities are estimated based on management's expectations of future cash flows.

The Company had four notes receivable from a franchisee for the sale of four Company-owned restaurants. In March 2022, the Company received \$3,092,660, comprising the principal and accrued interest, as payment in full for the outstanding notes.

Note 3. Related-Party Transactions

Spicy Seasonings, LLC: The Company is related to Spicy Seasonings, LLC through common ownership. Spicy Seasonings, LLC pays the Company a monthly administrative fee for accounting services and office space provided to Spicy Seasonings, LLC. In addition, under the terms of a royalty agreement with Spicy Seasonings, LLC, the Company pays Spicy Seasonings, LLC 1% of Taco John's systemwide restaurant sales and 20% of fees earned for each Taco John's franchise sold. All Company trademarks, including the responsibility for defending them, rest with Spicy Seasonings, LLC. During the years ended December 31, the Company had the following transactions with Spicy Seasonings, LLC:

	2023	2022	2021
Administrative fees (other revenue)	\$ 8,400	\$ 8,400	\$ 7,200
Affiliate royalty fee expense, of which \$703,961, \$619,411 and \$673,127, respectively, is included in due to affiliates	4,286,390	4,228,600	4,095,640
Initial sale of franchise expense	56,000	41,000	13,000

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Related-Party Transactions, *Continued*

Related-party franchisees: Certain franchisees are owned by the Company's shareholders, and the Company recognizes revenue from these franchisees under the terms of the franchise agreements. In addition, the franchisees pay the Company a monthly administrative fee for accounting services. During the years ended December 31, the Company had the following transactions with related-party franchisees:

	2023	2022	2021
Franchise royalty fees	\$ 238,195	\$ 225,972	\$ 219,239
Marketing royalty fees	190,934	174,817	175,391
Administrative fees (other revenue)	70,725	67,200	64,800

Note 4. Assets Held for Sale

Assets held for sale comprise the following as of December 31:

	2023	2022	2021
Company-owned restaurants:			
Property and equipment, net	\$ -	\$ 224,012	\$ 450,000
Inventories	-	-	8,025
Administrative offices:			
Property and equipment, net	-	-	932,412
Land	321,058	-	-
Total assets held for sale	\$ 321,058	\$ 224,012	\$ 1,390,437

In December 2023, management committed to a plan to sell a parcel of land previously held for investment, and the asset was presented as held for sale at December 31, 2023. The carrying amount of the asset was \$321,058 at December 31, 2023.

In December 2021, management committed to a plan to sell two Company-owned restaurants and land previously held for investment, and all assets associated with those restaurants and the land were presented as a disposal group held for sale at December 31, 2021. An impairment loss of \$441,131 was recognized during the year ended December 31, 2021 for the write-down of the disposal group to its fair value less costs to sell. The carrying amount of the disposal group was \$125,000 and \$458,025 at December 31, 2022 and 2021, respectively. In June 2022, the Company closed the sale of one of the Company-owned restaurants for a sales price of \$322,482, resulting in the recognition of a loss on the disposal of \$2,518. In April 2023, the Company closed on the sale of the second Company-owned restaurant and land for a net sales price of \$112,333, resulting in the recognition of a loss on the disposal of \$12,667.

In June 2022, management committed to a plan to sell the food truck, and all assets associated with the food truck were presented as a disposal group held for sale at December 31, 2022. The carrying amount of the disposal group was \$99,012 at December 31, 2022. In July 2023, the Company closed on the sale of the food truck for a net sales price of \$110,000, resulting in the recognition of a gain on the disposal of \$10,988.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Assets Held for Sale, *Continued*

In December 2021, management committed to a plan to sell the Wyoming headquarters building and land, and all assets associated with the building and land were presented as a disposal group held for sale at December 31, 2021. The carrying amount of the disposal group was \$932,412 at December 31, 2021. In December 2022, the Company closed on the sale of the building and land for a net sales price of \$1,777,249, resulting in the recognition of a gain on the disposal of \$844,837.

In January 2020, management committed to a plan to sell five Company-owned restaurants, and all assets associated with those restaurants were presented as a disposal group held for sale at December 31, 2020. An impairment loss of \$832,514 was recognized during the year ended December 31, 2020 for the write-down of the disposal group to its fair value less costs to sell. In February 2021, the Company closed on the sale of the five Company-owned restaurants for a total sales price of \$3,200,000, with no additional gain or loss on the disposal.

Note 5. Leases

The Company leases land for Company-owned restaurants, office space, vehicles, and office equipment under leases that have initial terms ranging from three to 20 years. Real estate leases typically include options to extend the leases for additional five-year periods, although such renewals have been excluded from the calculation of the lease liability as it is not reasonably certain that the Company will exercise them.

Operating lease cost is recognized on a straight-line basis over the lease term. Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease cost for the years ended December 31 are as follows:

	2023	2022
Operating lease cost	\$ 651,210	\$ 330,898
Finance lease cost:		
Amortization of ROU lease assets	30,659	76,413
Interest on finance lease liabilities	2,255	6,223
	32,914	82,636
Short-term lease cost	44,731	220,570
Total lease cost	\$ 728,855	\$ 634,104

Rent expense associated with leases for the year ended December 31, 2021 was \$335,797.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Leases, Continued

Supplemental cash flow and noncash information related to leases for the years ended December 31 is as follows:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 633,330	\$ 50,284
Operating cash flows from finance leases	2,255	6,223
Financing cash flows from finance leases	21,582	83,068
ROU assets obtained in exchange for lease obligations:		
Operating lease liabilities	\$ -	\$ 7,000,032
Finance lease liabilities	-	86,664

Supplemental information related to leases for the years ended December 31 is as follows:

	2023	2022
Weighted-average remaining lease term (years):		
Operating leases	14.49	16.33
Finance leases	2.45	2.52
Weighted-average discount rate:		
Operating leases	3.05%	3.07%
Finance leases	3.00%	3.79%
Supplemental Balance Sheet information:		
Operating lease ROU assets	\$ 6,387,265	\$ 6,780,592
Finance lease ROU assets, gross	\$ 86,664	\$ 176,319
Accumulated amortization	(35,211)	(67,925)
Finance lease ROU assets	\$ 51,453	\$ 108,394

The assets and accumulated depreciation recorded under capital lease agreements were \$466,420 and (\$281,471), respectively, for the year ended December 31, 2021. The associated lease liabilities were accounted for using a discount rate of 6.00%.

One of the Company's office leases included a \$1,000,000 lease incentive payable to the Company to fund a portion of leasehold improvements to the leased space, which was included in the calculation of the operating lease asset and liability. The incentive was received by the Company in February 2023, resulting in a corresponding increase to the operating lease liability.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Leases, Continued

The Company's lease term expirations range from 2025 through 2042, and the future minimum rental payments for noncancelable leases as of December 31, 2023 are as follows:

	Operating Leases	Finance Leases
Years ending December 31:		
2024	\$ 648,470	\$ 25,795
2025	664,518	18,037
2026	585,529	7,175
2027	603,561	3,587
2028	651,174	-
Thereafter	6,547,431	-
Total minimum payments	9,700,683	54,594
Less interest	(2,022,176)	(1,899)
Present value of minimum lease payments	\$ 7,678,507	\$ 52,695

Note 6. Line of Credit

In October 2022, the Company entered into a line-of-credit agreement with a bank in the amount of \$3,376,000. The line of credit has a fixed interest rate of 3%, which approximates the effective interest rate, and requires a monthly payment of interest commencing in November 2022 through May 2024 (the conversion date). Advances are no longer available after the conversion date, at which point the unpaid balance will be amortized to determine future payment amounts. The line matures in November 2029. The Company is subject to a prepayment penalty equal to 3% of the amount prepaid through November 2023 and decreases 1% annually over the following two years.

Any borrowings on the line of credit are collateralized by substantially all of the Company's assets. The line-of-credit agreement requires the submission of certain financial documents during the term of the agreement. There are additional covenants and restrictions, including additional reporting requirements, the maintenance of a certain financial ratio, and limitations on transferring real property and incurring or assuming future indebtedness. There were \$2,054,659 and \$54,659 of borrowings on the line of credit as of December 31, 2023 and 2022, respectively, including the related debt issuance costs, the unamortized balance of which was \$45,549 and \$53,358, respectively.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Bonus Plans and Unvested Commitments

The Company has bonus plans under which certain officers, directors, and members of management meeting stated eligibility requirements are paid bonuses equal to varying percentages of their annual salary or stated incentive amounts, dependent on the achievement of established targets. These bonuses and the related taxes and benefits totaled \$292,000, \$1,049,000 and \$1,213,920 for the years ended December 31, 2023, 2022 and 2021, respectively, and are included in accounts payable and accrued expenses at each respective year-end.

Effective January 1, 2023, the Company adopted a new long-term incentive compensation plan that grants rights to incentive compensation on a deferred basis to eligible participants through 2025. The plan participants are primarily those individuals who have a substantial responsibility for the management and growth of the Company. The plan is designed to establish an annual incentive compensation pool based on the achievement of established targets, which vests ratably over a three-year period and is paid out annually in March following year-end. Vesting is accelerated upon certain events, such as death, disability, retirement, and other events, as defined by the plan document. Individuals must be a participant as of December 31 to receive vesting rights for that year's payout amount. During the year ended December 31, 2023, the annual incentive compensation pool, including estimated taxes and benefits, totaled approximately \$835,000, of which \$458,900 vested during the year ended December 31, 2023 and is included in accounts payable and accrued expenses for the year then ended.

The Company had a previous long-term incentive plan that terminated on December 31, 2022. The bonus and related taxes and benefits totaled \$538,450 at December 31, 2022, which is included in accounts payable and accrued expenses for the year then ended.

Note 8. Employee Retirement Plan

The Company has established a salary deferral plan under Section 401(k) of the Internal Revenue Code. Employees are eligible to participate in the plan once they have completed six months of service and are at least 21 years of age. Eligible employees receive a safe harbor matching contribution equal to 100% of their salary deferrals that do not exceed 5% of their compensation. The Company may also make discretionary profit sharing contributions.

The Company's total contributions to the plan were \$370,726, \$294,607 and \$276,455 for the years ended December 31, 2023, 2022 and 2021, respectively. There were no discretionary profit sharing contributions for any year.

Note 9. Marketing Commitment

The Company has a master services agreement with an advertising agency to provide marketing services and projects to promote the Company's products. The agreement was amended, effective February 15, 2022, to extend the term through February 14, 2025. The agreement requires an annual agency fee of \$1,600,000 to be paid in monthly installments. The monthly installments of \$66,667 and \$133,333 for February 2022 and March 2022, respectively, were waived, and there will be no obligation to pay those fees as long as the agreement remains in effect through February 2024 and February 2025, respectively. All hard costs and expenses are billed in addition to the agency fee.

TACO JOHN'S INTERNATIONAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9. Marketing Commitment, *Continued*

For each of the years ended December 31, 2023, 2022 and 2021, the Company incurred an agency fee of \$1,600,000. The Company's allocations of the future agency fees at December 31, 2023 are as follows:

Years ending December 31:	
2024	\$ 1,600,000
2025	<u>200,000</u>
	<u>\$ 1,800,000</u>

Note 10. Contingencies

Paycheck Protection Program (PPP) loan: Due to economic uncertainty and to retain its workforce, on April 15, 2020, the Company obtained a PPP loan in the amount of \$2,290,500, which was accounted for under FASB ASC Topic 470, *Debt*. The loan accrued interest at a rate of 1.00% and was unsecured. The Company applied for full loan forgiveness, which was approved in full by the U.S. Small Business Administration (SBA) on August 8, 2021. The amount forgiven, which comprised the loan principal and accrued interest, is included as gain on extinguishment of debt in the Consolidated Statement of Income for the year ended December 31, 2021 and does not constitute Federal taxable income. As the Company received a PPP loan in excess of \$2,000,000, the SBA requires a document retention period of six years after the date of forgiveness. During this time period, the SBA has reserved the right to audit the loan.

Claims and litigation: The Company is subject to claims and litigation in the ordinary course of its operations. In the opinion of management and the Company's legal counsel, the liability, if any, arising from such claims will not have a material impact on the financial position or cash flows of the Company for the year ended December 31, 2023.

ATTACHMENT G

LIST OF STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS
AND
AGENTS FOR SERVICE OF PROCESS

Listed below are the names, addresses and telephone numbers of the state agencies that are responsible for franchising disclosure and or registration laws. Please note that we may not yet be registered to sell franchises in any or all of the listed states.

If a state is not included in the list, then we have not appointed an agent for service of process in that state pursuant to the requirements of that state's franchise laws. Some states listed below may have other agents appointed in addition to those listed below.

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 One Sansome Street, Suite 600 San Francisco, California 94104-4448 (415) 972-8565 2101 Arena Boulevard Sacramento, California 95834 (916) 445-7205 (866) 275-2677 (toll free) www.dfpi.ca.gov ask.dfpi@dfpi.ca.gov	Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 (866) 275-2677 (toll free)
FLORIDA	Florida Department of Agriculture and Consumer Services Division of Consumer Services Attn: Finance & Accounting 407 South Calhoun Street Tallahassee, Florida 32399-0800 (850) 410-3800	None
HAWAII	Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
INDIANA	Indiana Secretary of State Division of Securities 302 West Washington Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531
IOWA	Iowa Secretary of State 321 E. 12 th Street Des Moines, Iowa 50319 (515) 281-5204	Same
MARYLAND	Office of Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Attorney General Franchise Section - Consumer Protection Division G. Mennen Williams Building, 1st Floor 525 W. Ottawa Street Lansing, Michigan 48933 P.O. Box 30213 Lansing, Michigan 48909 (517) 373-7117	Michigan Department of Commerce Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445	None
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, New York 10005 (212) 416-8222	Secretary of State 99 Washington Avenue Albany, New York 12231
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue, Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712	North Dakota Securities Commissioner Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140	Director of Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building 350 Winter Street NE, Room 410 Salem, Oregon 97301-3881 (503) 378-4140
RHODE ISLAND	State of Rhode Island and Providence Plantations Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex - Building 69-1 Cranston, Rhode Island 02920 (401) 462-9500	Director of Rhode Island Department of Business Regulation Same Address
SOUTH DAKOTA	South Dakota Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Director of South Dakota Division of Insurance Same Address
TEXAS	Secretary of State Statutory Documents Section James E. Rudder Building 1019 Brazos Street Austin, Texas 78701 P.O. Box 13550 Austin, Texas 78711 (512) 463-5705	None
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South, 2 nd Floor Salt Lake City, UT 84114 801-530-6601	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051	Clerk of the State Corporation Commission State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
WISCONSIN	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 P.O. Box 1768 Madison, Wisconsin 53701-1768 (608) 266-8557	Administrator, Division of Securities Same Address

ATTACHMENT H

OPERATIONS MANUAL
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food safety and security



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cleanliness



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operating systems



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quality recipes



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menu assembly



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human resources and training



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equipment maintenance



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<u>Pepsi Equipment Service/Repair Hotline</u>	21
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<u>Drive-thru Window</u>	23
<u>Food Processor/Hand Dicer</u>	23
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<u>Lobby Tables and Chairs</u>	28
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ATTACHMENT I
DISCLOSURE ACKNOWLEDGMENT

DISCLOSURE ACKNOWLEDGMENT

To make sure that no misunderstanding exists between _____ (“Franchisee”) and Taco John’s International, Inc. (“Franchisor”), and to make sure that no violations of law might have occurred, and understanding that Franchisor is relying on the statements made in this document, the undersigned acknowledge and represent as follows:

1. I received a copy of the Franchise Disclosure Document (“Disclosure Document”) on _____, 20____. I had an opportunity to review the TACO JOHN’S Disclosure Document and Franchise Agreement and understand the terms, conditions, and obligations of the Franchise Agreement.
Check one: (☐) Yes (☐) No.
If no, please explain: _____
2. I received a copy of the Franchise Agreement or Area Development Agreement at least seven calendar days prior to the date on which the Franchise Agreement or Area Development Agreement was executed. Check one: (☐) Yes (☐) No.
If no, please explain: _____
3. I had an opportunity to seek professional advice regarding the Disclosure Document and the Franchise Agreement.
Check one: (☐) Yes (☐) No.
If no, please explain: _____
4. I agree that no oral, written, visual or other promise, agreement, commitment, representation, understanding, side agreement, option or other representation was made to me with respect to any matter including, but not limited to, any representation or promise regarding marketing, site location, advertising, or operational assistance, which contradicted the disclosures in the Disclosure Document.
Check one: (☐) Yes (☐) No.
If no, please state in detail the claim or representation, who made it, and approximately when: _____

5. Except as stated in Item 19 of the Disclosure Document, I agree that no oral, written, visual, or other claim or representation which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise, was made to me by any representative of the Franchisor.
Check one: (☐) Yes (☐) No.
If no, please state in detail the claim or representation, who made it, and approximately when: _____

6. I understand that it is my responsibility to find and secure a location for the TACO JOHN’S restaurant, and to retain an architect, contractor, and other construction specialists.
Check one: (☐) Yes (☐) No.
If no, please explain: _____

7. I understand that entry into any business venture necessarily involves some unavoidable risk of loss or failure; that the purchase of a Taco John's franchise is a speculative investment; that there exist no guarantees against possible loss or failure in this or any other business; and that the most important factor in the success of my Taco John's business is my own personal business, marketing, and management skills.

Check one: () Yes () No.

If no, please explain: _____

The individual(s) signing below constitute all of the shareholders, partners, investors and principals of the franchised business. Each has reviewed the Franchise Disclosure Document and all exhibits, including the Franchise Agreement.

IF THERE ARE ANY MATTERS INCONSISTENT WITH THIS STATEMENT OR IF ANYONE HAS SUGGESTED THAT THIS DOCUMENT BE SIGNED WITHOUT ALL OF THE STATEMENTS BEING ANSWERED TRUTHFULLY AND ACCURATELY, IMMEDIATELY INFORM THE PRESIDENT OF TACO JOHN'S INTERNATIONAL, INC. AT 307-635-0101.

I understand and agree to the foregoing and represent and warrant that all of the above statements are answered truthfully and accurately.

_____ Print Name	_____ Print Name
_____ Signature	_____ Signature
_____ Date	_____ Date
_____ Print Name	_____ Print Name
_____ Signature	_____ Signature
_____ Date	_____ Date

ATTACHMENT J

PREPAID IMPLEMENTATION AND BOARDING FORM



PREPAID IMPLEMENTATION AND BOARDING FORM

FRANCHISEE INFORMATION		IRS TAX REPORTING REQUIREMENTS:	
Franchise Owner Name:		INCLUDE A COMPLETED W-9 WITH THIS FORM	
Franchise Phone Number:		1099k Name: <i>(Same as Line 1 on W-9)</i>	
Franchise Owner Email:		1099k Tax ID #:	
Company DBA Name:		1099k Address 1:	
Store Location #:		1099k Address 2:	
Store Street Address:		1099k City:	
City:		1099k State:	
State:		1099k Zip Code:	
Zip Code:		TJI USE ONLY	
Store Phone Number:		MID #:	
Request Type: <i>check one</i> ☐ New Store, expected opening date _____ ☐ Ownership Change, expected date of transfer _____ ☐ Update Bank Info, requested effective date _____ ☐ Other Change, <i>(describe)</i> _____ _____		Point of Sale Provider: <i>check one</i> ☐ QuikServe ☐ Qu Beyond ☐ Other: _____	Do you currently own other stores that are operating gift cards? YES ☐ List Store #'s: _____ _____ NO ☐
BANKING INFORMATION:		AUTHORIZATION:	
Bank Name:		Signature:	
Bank Account Name:		Printed Name:	
Bank Account Number:		Date:	
Bank Routing Number:		A signature on this form confirms that all information submitted on this form is accurate.	
Bank Address:		INCLUDE A BANK LETTER WITH THIS FORM	

Please return this form to your contact at Taco John's International, Inc. for gift card processing.

ATTACHMENT K

STATE ADDENDA TO DISCLOSURE DOCUMENT

**STATE LAW ADDENDA TO THE
TACO JOHN'S INTERNATIONAL, INC.
FRANCHISE DISCLOSURE DOCUMENT**

The following modifications are made to the Taco John's, Inc. Disclosure Document for the states noted below.

CALIFORNIA

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITES (www.tacojohns.com and www.tacojohnsfranchise.com) HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THESE WEBSITES MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

1. The following paragraph is added to the end of Item 3:

Neither we nor any person listed in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. § 78a et seq., suspending or expelling these persons from membership in this association or exchange.

2. The following paragraph is added to the end of Item 5:

Initial Franchise Fees paid by franchisees are typically applied towards our general operating expenses, which include but are not limited to those expenses we incur in fulfilling our initial obligations to franchisees.

3. The following paragraphs are added to the end of Item 17:

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C. § 101, et seq.)

The Franchise Agreement contains a covenant not to compete, which extends beyond the termination or expiration of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause that may apply if the Franchise Agreement is terminated due to a breach by you. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Denver, Colorado, with the costs being awarded to the prevailing party. Prospective Franchisees are encouraged to consult private legal counsel to determine the applicability of California and Federal laws (such as Business and Professions Code 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of the State of Wyoming. This provision may not be enforceable under California law.

Section 31125 of the Franchise Investment Law requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You may be required to sign a general release of claims if you transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 20000 through 20043).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Initial Franchise Fees paid by franchisees are typically applied towards our general operating expenses, which include by are not limited to those expenses we incur in fulfilling our initial obligations to franchisees.

ILLINOIS

1. The following statement is added to the end of Item 17.v:

Section 4 of the Illinois Franchise Disclosure Act of 1987 (the “Illinois Act”) provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void provided that a franchise agreement may provide for arbitration in a forum outside of the State of Illinois.

2. The following statement is added to the end of Item 17.w:

Section 41 of the Illinois Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. Section 41 does not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Act, nor does it prevent the arbitration of any claim pursuant to the provision of Title 9 of the United States Code.

INDIANA

1. The Summary column of Items 17.v and we are subject to the Illinois Franchise Disclosure Act and the Indiana Deceptive Franchise Practices Act (specifically Indiana Code Section 23-2-2.7-1(10)).

MINNESOTA

1. The following legend is added to the “Special Risks to Consider about This Franchise” on the State Cover Page:

MINNESOTA STATUTES §80C.21 AND MINNESOTA RULES 2860.4400(J) PROHIBIT US FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE MINNESOTA, REQUIRING WAIVER OF A JURY TRIAL, OR REQUIRING THE FRANCHISEE TO CONSENT TO LIQUIDATED DAMAGES, TERMINATION PENALTIES OR JUDGMENT NOTES. IN ADDITION, NOTHING IN THE DISCLOSURE DOCUMENT OR AGREEMENT CAN ABROGATE OR REDUCE (1) ANY OF YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES, CHAPTER 80C, OR (2) YOUR RIGHTS TO ANY PROCEDURE, FORUM, OR REMEDIES PROVIDED FOR BY THE LAWS OF THE JURISDICTION.

2. The following statements are added at the end of Item 17:

Minnesota Rules 2860.4400(D) prohibits us from requiring you to assent to a general release from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22, provided, it does not bar the voluntary settlement of disputes.

We will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Statute §80C.17.5 provides that any claims and actions based on a violation of Chapter 80C of the Minnesota statutes or any rule or order thereunder shall be commenced within three years from the occurrence of the facts giving rise to such claim or action.

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. (The above language has been included in this Disclosure Document as a condition to registration. We and you do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all choice of law provisions, are fully enforceable. We and you intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by us, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.)

You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J). Also, a court will determine if a bond is required.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK

1. The following information is added to the Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN ATTACHMENT K OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following paragraphs are added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the

subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following statement is added to the end of the “Summary” sections of Item 17.c, titled **“Requirements for franchisee to renew or extend,”** and Item 17.m, titled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17.d, titled **“Termination by franchisee”**:

You may terminate the Franchise Agreement on any grounds available by law.

5. The following statement is added to the end of the “Summary” sections of Item 17.v, titled **“Choice of forum,”** and Item 17.w, titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements -- No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts -- Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

WE REPRESENT THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

NORTH DAKOTA

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business.

C. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.

I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

VIRGINIA

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court

decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WISCONSIN

1. REGISTRATION OF THIS FRANCHISE IN THE STATE OF WISCONSIN DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

2. The conditions under which the Franchise Agreement can be terminated or not renewed may be affected by the Wisconsin Fair Dealership Law, Wisconsin Statutes 1981-82, Title XIV-A, Chapter 135.

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	PENDING
Hawaii	NOT EFFECTIVE
Illinois	PENDING
Indiana	PENDING
Maryland	NOT EFFECTIVE
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	PENDING

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ATTACHMENT L

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If Taco John's International, Inc. ("TJI," we" or "us") offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. **Iowa** requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar-days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Attachment G. We authorize the parties identified on Attachment G to receive service of process for us in the particular state.

The following Franchise Sellers were involved in the offering of this franchise:

The following employees of ours, having a principal business address of 1650 W End Boulevard, Building 23 S, Suite 200, St. Louis Park, Minnesota 55416, or 808 West 20th Street, Suite 200, Cheyenne, Wyoming 82001, and telephone number of 800-854-0819: Heather Leed Neary, Richard Bundy, Mark Kocer, Barry Westrum, Shannon Iverson, Ryan Baune, Sava Hesthaven, Jon Walls, Chris Schmutzer and _____.

Issuance Date: March 29, 2024

I received a Disclosure Document dated March 29, 2024, that included the following Attachments:

- Attachment A - Franchise Agreement (with Exhibits)
- Attachment B - Area Development Agreement (with Exhibits)
- Attachment C - Nondisclosure and Noncompetition Agreement
- Attachment D - List of Franchisees and Developers
- Attachment E - List of Former Franchisees
- Attachment F - Financial Statements
- Attachment G - State Administrators/Agents for Service of Process
- Attachment H - Operations Manual Table of Contents
- Attachment I - Disclosure Acknowledgment
- Attachment J - Prepaid Implementation and Boarding Form
- Attachment K - State Addenda
- Attachment L - Receipts

Date

Signature

Please Print Name

Date

Signature

Please Print Name

RECEIPT

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New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. **Iowa** requires that we give you this Disclosure Document at the earlier of the first personal meeting or 14 calendar-days before the execution of the franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Attachment G. We authorize the parties identified on Attachment G to receive service of process for us in the particular state.

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The following employees of ours, having a principal business address of 1650 W End Boulevard, Building 23 S, Suite 200, St. Louis Park, Minnesota 55416, or 808 West 20th Street, Suite 200, Cheyenne, Wyoming 82001, and telephone number of 800-854-0819: Heather Leed Neary, Richard Bundy, Mark Kocer, Barry Westrum, Shannon Iverson, Ryan Baune, Sava Hesthaven, Jon Walls, Chris Schmutzer and _____.

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- Attachment K - State Addenda
- Attachment L - Receipts

Date

Date

Signature

Signature

Please Print Name

Please Print Name

IMPORTANT: IF THE FDD WAS DELIVERED TO YOU ELECTRONICALLY, PLEASE IMMEDIATELY SIGN THIS PAGE ELECTRONICALLY.

ALTERNATIVELY, PLEASE IMMEDIATELY PRINT, SIGN, DATE, AND E-MAIL IT TO TJILEGAL@TACJOHNS.COM, THEN PROMPTLY RETURN THE ORIGINAL BY MAIL OR COURIER TO TACO JOHN'S INTERNATIONAL, INC., 808 WEST 20th STREET, SUITE 200, CHEYENNE, WYOMING 82001.