

# FRANCHISE DISCLOSURE DOCUMENT



**BurritoBar USA, Inc.**  
A Delaware corporation  
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We offer master franchises for the operation of businesses that solicit, screen, recruit and qualify prospective Barrio Burrito Bar franchisees, sell franchises, and provides ongoing training and support to franchisees, within a designated development territory (“Master Business(es)”).

The total investment necessary to begin operation of a Barrio Burrito Bar Master Franchise ranges from \$128,750 to \$1,196,190,000. This includes \$75,000 to \$1,000,500,000 that must be paid to us and our affiliates.

Master franchisees will also enter into a franchise agreement for a Barrio Burrito Bar business that will also serve as a training location for Barrio Burrito Bar franchisees within a designated area (“Primary Business”), which is offered under a separate franchise disclosure document.

This Disclosure Document summarizes certain provisions of your master 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.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Alex Shtein at 1120 Finch Avenue West, Ste. 703, North York, Ontario M3J 3H7, (844) 99-SALSA or alex@barburrito.ca.

The terms of your contract will govern your franchise relationship. Don’t 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 (the “FTC”). 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](http://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: September 26, 2025**

## 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 Michigan. 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 Michigan rather than in your own state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
5. **Mandatory Minimum Payments.** You must make minimum local advertising expenditures, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment

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.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Local Advertising	\$2,500 to \$3,000 per month	Monthly	You are required to spend at least \$3,000 per month on local advertising during the first 12 months following the opening of your Master Business and \$2,500 per month for the remainder of the term of your Franchise Agreement and any renewal term.
Training Fee	\$500 per day and our costs and expenses for additional training	10 days after invoice	Payable if you request that we provide you with additional training. If we agree to provide training at your location, you must pay us an additional training fee of \$500 per day and reimburse us for all travel, meals and lodging expenses we (or our designated representative(s)) incur.
Subfranchisee Training Fees	Our then-current fee (currently \$5,000 for initial, pre-opening training and \$3,000 for post-opening training), plus all travel, lodging and living expenses for our personnel	As incurred	If we determine, in our sole discretion, that you are not sufficiently meeting your training obligations to your franchisees, we may assist you and/or your franchisees in fulfilling your training obligations. If we assist you and/or your franchisees in such training, you will pay us a fee of \$5,000 for a three-week, initial, pre-opening training and \$3,000 for a two-week, post-opening training, in addition to our personnel's travel, lodging, and living expenses incurred in providing such training. Such training will occur at your franchisee's location, at your Primary Business, or at a location we designate, which may or may not be within the Territory. You and your subfranchisees are responsible for all travel, accommodation, meals, and related expenses. <u>Determination of our current fee is based on updates to the Consumer Price Index ("CPI") in the United States (see note 1).</u>
Support Services Fee	Our then-current fee (currently \$500 per day), plus all travel, lodging and living expenses for our personnel	As incurred	Payable if we provide any support services to you or any Barrio Burrito Bar Businesses that you were required to provide them under the Master Franchise Agreement. We have the right to increase fees by a maximum of 10% per year, calculated cumulatively over the term of the Master Franchise Agreement.
Standard Renewal Fee	\$2,000 to \$3,000 multiplied by the number of Barrio Burrito Bar Businesses you are required to open during the successor term if you meet your Development Quota.	Upon execution of a renewal Master Franchise Agreement	You will not be permitted to renew if you do not meet the Minimum Quota. See Note 5. If you agree to open less than 150 locations, the fee will be equal to \$3,000 per Barrio Burrito Bar Business. If you agree to open 150 or more Barrio Burrito Bar Businesses, the fee will be equal to \$2,000 per Barrio Burrito Bar Business.
Modified Renewal Fee	\$4,000 to \$6,000 multiplied by the number of Barrio Burrito Bar Businesses you are required to open during the successor term if you meet your Minimum Quota but fail to meet your Development Quota.	Upon execution of a renewal Master Franchise Agreement	You will not be permitted to renew if you do not meet the Minimum Quota. See Note 5. If you agree to open less than 150 locations, the fee will be equal to \$6,000 per Barrio Burrito Bar Business. If you agree to open 150 or more Barrio Burrito Bar Businesses, the fee will be equal to \$4,000 per Barrio Burrito Bar Business.
Late Fees	Lesser of \$25 per day or the highest amount allowed by law	On demand	Payable to us only if you do not pay us or our affiliate on time and in the proper amount. This amount will continue to be due until the late fees and the overdue amounts are both paid.

## NOTES:

(1) All fees are imposed by and are payable to us. All fees are nonrefundable and uniformly imposed on franchisees. All fees are current as of the Issuance Date of this Franchise Disclosure Document. ~~Certain fees that we have indicated may~~ Unless a formula for determining an increase over the term of the Franchise Agreement. Also is already noted in the table above, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the ~~Consumer Price Index (“CPI”)~~ in the United States. We may periodically review and increase these fees based on changes to the CPI (~~in addition up to any other~~ the increase); in the CPI, but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Master Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). In such event, we have the right to increase these fees by a maximum of 20% per year, calculated cumulatively over the term of the Master Franchise Agreement. Additionally, we may also increase fees only by the amount of any increased in fees from third parties for the underlying products or services, as applicable, which will be added to the capped fee increase. We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year.

(2) If you are in the first Development Period (i.e., the first three years of the Development Agreement) under your Development Schedule or have met your Development Quota for the preceding Development Period, you will pay us 50% of the royalties due to you under your Franchise Agreements. If you fail to meet the Development Quota but meet the Minimum Quota, you will pay us 75% of the royalties due to you until you meet the Development Quota for the current Development Period, whereupon the percentage owed to us will revert back to 50%.

(3) “Franchise Fees” is defined as those initial franchise fees, transfer fees, renewal franchise fees, and other fees we permit you to charge the Barrio Burrito Bar businesses in your Territory paid by all such Barrio Burrito Bar businesses in your Territory pursuant to applicable franchise agreements.

(4) If you are in the first Development Period (i.e., the first three years of the Development Agreement) under your Development Schedule or have met your Development Quota for the preceding Development Period, you will pay us 50% of the Franchise Fees due to you under your Franchise Agreements. If you fail to meet the Development Quota but meet the Minimum Quota, you will pay us 75% of the Franchise Fees until you meet the Development Quota for the current Development Period, whereupon the percentage owed to us will revert back to 50%.

(5) You will not be permitted to renew if you have not met the Minimum Quota. If you are permitted to renew and have met the Development Quota, you shall pay the Standard Renewal Fee. If you are permitted to renew but have not met the Development Quota, you shall pay the Modified Renewal Fee.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount <sup>1</sup>		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Development Fee	\$75,000	\$500,000	Lump sum or Installments	Upon Signing Master Franchise Agreement	Us
Security Deposit <sup>2</sup>	\$0	\$500,000	<del>Lump sum</del>	<del>Lump Sum</del>	Us
Training Expenses	\$250	\$10,000	Not Applicable	As incurred	Transportation, Hotels, Restaurants, Staff Salaries
Initial Marketing Expenses	\$10,000	\$20,000	As incurred	30 days before through 60 days after opening	Advertising suppliers
Computer System	\$1,500	\$3,000	As incurred	Before opening	Suppliers
Professional Fees (Including Development of Franchise Disclosure Document) <sup>3,2</sup>	\$25,000	\$35,000	Lump sum	Before opening	Lawyers, accountants, and consultants
Pre-paid Insurance	\$2,000	\$6,000	Lump sum	Before opening	Insurance companies
Additional Funds (3-month period after opening) <sup>4,3</sup>	\$15,000	\$45,000	As incurred	As incurred	Suppliers and employees
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>5</sup> INVESTMENT<sup>4</sup></b>	\$128,750	\$1,149,619,000			

**NOTES:**

(1) Fee Amount. Other than allowing qualified prospects the option to pay their Development Fee in multiple installments if the Development Fee equals or exceeds \$150,000, we do not offer direct or indirect financing for any of these items (see Item 10). None of the fees payable to us are refundable ~~except that we will refund a portion of the Security Deposit if you meet the milestones described in Item 5.~~ We are unaware of any fees payable to third party suppliers that are refundable. Only expenses that are in addition to those you will incur with respect to the establishment and operation of your Primary Business are listed in the table above. This estimate is based upon our experience and the experience of the existing master franchisees and our affiliate's experience offering Master Franchises in Canada.

(2) Security Deposit. ~~If your Development Fee is less than \$150,000, you will not be required to pay any Security Deposit.~~

(3)(2) Professional Fees. You must hire franchise counsel to prepare the Franchise Disclosure Document you will use to sell franchises. You may also engage accountants and consultants. If you need to register the offering with one or more franchise registration states, you will incur additional legal fees and state filing fees.

(43) Additional Funds. This amount includes your additional funds for the first three months of operation, including marketing and other miscellaneous expenses. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Master Businesses.

(54) Total Estimated Initial Investment. These figures are estimates based on the prior franchising experience of our principals and their advisors.

## **ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

### **Source Restricted Purchases and Leases - Generally**

We may require that you purchase or lease certain “source restricted” goods and services for the development and ongoing operation of your Master Business. By “source restricted,” we mean that the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). Our specifications and list of approved and designated suppliers are contained in the Manual and/or the operations manual provided to Barrio Burrito Bar single unit franchisees (“Franchisee Manual”). You are responsible for ensuring that Barrio Burrito Bar franchisees in your Territory operate in accordance with the terms of the Franchise Agreements and our then-current standards and specifications as set forth in the Franchisee Manual. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, verbal or telephonic notification, amendments or updates to the Manual and/or Franchisee Manual, bulletins, or other means of communication. We formulate and modify our specifications and standards for products and services based upon our industry knowledge and our experience in operating and franchising Barrio Burrito Bar Businesses and Master Businesses.

### **Supplier Criteria**

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance, warranty and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon your request, we will provide you with any objective specifications pertaining to our evaluation of a supplier, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you or a franchisee wants to purchase or lease a source restricted item from a non-approved supplier, you must send us a written request for approval and submit any additional information that we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facilities. We will issue our approval or disapproval within 60 days after we receive your request for approval plus all additional information and samples that we require. We shall be deemed to have rejected the request if we do not issue our approval within the 60-day period. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet any of our then-current criteria. You must reimburse us for the costs we incur in reviewing a product or supplier proposed by you or a franchisee.

### **Franchisor as Approved Supplier**

Other than support services and as described herein, we are not currently an approved supplier of any products or services provided to Master Franchisees. Our affiliates BBR and 2741346 Ontario, Inc. may provide training services and advertising services. We and our affiliates reserve the right to become approved suppliers in the future, and we or an affiliate may be the sole supplier of certain services and products for your Master Business. We will require your franchisees to use our designated designers, and

**EXHIBIT B**

**MASTER FRANCHISE AGREEMENT**

single unit franchisees.

**5.5. Method of Payment.** All payments that you make to us in connection with this Agreement shall be paid by wire transfer to our designated bank account or in any other manner that we authorize.

**5.6. Late Fee.** If any sums due under this Agreement have not been received by us when due then, in addition to such sums, you shall also pay us interest on the amounts past due at the rate equal to the lesser of \$25 per day or the highest rate permitted by applicable Law. In the event no due date has been designated by us, then interest begins to run 30 days after we bill you. You acknowledge that this Section 5.7 shall not constitute our agreement to accept such late payments after same are due, or a commitment by us to extend credit to or otherwise finance the operation of your Master Business.

**5.7. Withholdings for Taxes.** Except to the extent provided in this Section, any amount that you must pay to us shall be paid without withholding or deduction for or on account of any taxes, duties, assessments, fees or other governmental charges imposed or levied by or on behalf of any jurisdiction within the Territory or any political subdivision or taxing authority therein, except that you shall withhold and pay by their due date all taxes, if any, which are required to be withheld and paid by you under the applicable Law of the jurisdiction from which payment is made (collectively, the "Local Taxes"). If you are required to withhold Local Taxes, you agree to provide us with evidence of payment of all Local Taxes withheld and any other documentation that we require in order to receive the appropriate tax credit. If any Local Taxes withheld by you are not creditable by us for income tax purposes, you agree to pay us such additional amounts as may be necessary to ensure that the net payment that we receive after the withholding of Local Taxes is equal to the amount that we would have received had no such withholding been required.

**5.8. Costs and Expenses.** You are responsible for all costs and expenses that you and your employees incur in connection with the performance of your obligations under this Agreement.

**5.9. Referral Fee.** We will pay you a referral fee equal to 10% of the development fee received by us if: (i) you refer to us a qualified candidate in writing; (ii) we, our affiliates and representatives have had no prior contact with the qualified candidate; and (iii) the qualified candidate purchases a Barrio Burrito Bar master franchise from us within 6 months of the date of your written referral.

**5.10. Pre-Existing Franchise Fees.** We may assign pre-existing franchise agreements to you for franchisees located in your Territory (each, a "Pre-Existing Franchisee"). After you open your Primary Business, we may elect to assign the franchise agreements of the Pre-Existing Franchisees to you ("FA Assignment"). You will not be entitled to any initial franchisee fee from any Pre-Existing Franchisees that we assign to you, and they will not count towards your Minimum Quota or Development Quota. However, upon the FA Assignment, you will be permitted to retain your share of all other Franchise Fees in accordance with the terms of this Agreement. You agree to provide initial training to any Pre-Existing Franchisee that we require in writing, in which we will make a one-time payment totaling \$10,000 upon your completion of the initial training program to the Pre-Existing Franchisee. You will not receive this payment if we do not require that you provide the initial training program in writing or if you fail to fully provide the initial training program in accordance with our requirements. You may not charge the Pre-Existing Franchisee any fee for the initial training program that we require you to provide.

**5.11. CPI Adjustments to Fixed Fees.** ~~All~~ Unless a formula for determining an increase is already specified for a fee in this Agreement, all fees expressed as a fixed dollar amount in this

Agreement are subject to adjustment based on changes to the Consumer Price Index in the United States. We may periodically review and increase these fees based on changes to the Consumer Price Index (“CPI Increase”), up to the CPI Increase, but only if the increase to the Consumer Price Index is more than 5% higher than the corresponding Consumer Price Index in effect on: (a) the Effective Date of this Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI Increase during any calendar year. Notwithstanding the foregoing, the fee adjustments in this Section shall not impact fees which we reserve the right to increase in higher amounts or to adjust more frequently.

## 6. TERM AND RENEWAL.

**6.1. Term.** The term of this Agreement will begin on the Effective Date and expire 10 years thereafter (the “Term”). Upon the expiration of the Term, if you have met the Minimum Quota, you may enter into up to two successor master franchise agreements, each for a minimum of at least five-year term, (each, a “Successor Agreement”) provided you meet the conditions for renewal specified below in each instance of renewal and pay the applicable renewal fee. Your renewal fee will be \$3,000 multiplied by the number of Barrio Burrito Bar businesses in the Development Quota for the applicable renewal term if you have met the Development Quota (“**Standard Renewal Fee**”) and \$6,000 multiplied by the number of Barrio Burrito Bar businesses in the Development Quota if you have met the Minimum Quota but not the Development Quota (“**Modified Renewal Fee**”). Notwithstanding the foregoing, if you agree to develop more than 150 Barrio Burrito Bar Businesses, your Standard Renewal Fee will be equal to \$2,000 multiplied by the number of Barrio Burrito Bar businesses in the Development Quota for the applicable renewal term if you have met the Development Quota and \$6,000 multiplied by the number of Barrio Burrito Bar businesses in the Development Quota if you have met the Minimum Quota but not the Development Quota. The Successor Agreement shall be the current form of master franchise agreement that we use in granting Master Franchise Rights as of the expiration of the Term or renewal term, as applicable, unless we, in our discretion, permit you to extend the term of your Master Franchise Agreement. We may, in our discretion and subject to availability of adjacent areas, modify your Territory upon renewal to allow for the development of additional Barrio Burrito Bar businesses. The terms and conditions of the Successor Agreement may vary materially and substantially from the terms and conditions of this Agreement, except that the geographic area that comprises the Territory shall not be reduced unless a reduction is mutually agreed upon by the parties. We do not provide all services in this Agreement to renewal Master Franchises and may not provide all services in this Agreement to franchisees that purchase existing Master Franchises.

**6.2. Renewal Requirements.** In order to enter into a Successor Agreement, you and your Owners (as applicable) must: (i) notify us in writing of your desire to enter into a Successor Agreement not less than 180 days nor more than 360 days before the expiration of the Term or renewal term (as applicable); (ii) not be in default under this Agreement or any other agreement with us or any affiliate of ours (including, without limitation, any Franchise Agreement executed by the Operating Entity) at the time you send the renewal notice or the time you sign the Successor Agreement; (iii) not have received more than three default notices in a 12-month period, regardless of whether or not such default were cured; (iv) sign the Successor Agreement and all ancillary documents that we require master franchisees to sign; (v) sign a General Release; (vi) take any additional action that we reasonably require; and (vii) meet the Minimum Quota or Development Quota for each Development Period. Your Successor Agreements will be subject to the Renewal Development Schedules set forth in Attachment A.

**6.3. Interim Term.** If you do not sign a Successor Agreement after the expiration of the Term and you continue to accept the benefits of this Agreement, then at our option, this Agreement may

**ATTACHMENT A**

**MASTER BUSINESS DATA SHEET**

1. **Effective Date.** The Effective Date set forth in the introductory paragraph of the Agreement is: \_\_\_\_\_, 20\_\_\_\_.

2. **Master Franchisee.** The Master Franchisee set forth in the introductory paragraph of the Agreement is: \_\_\_\_\_.

3. **Address for Notices.** Master Franchisee's address for all notices under the Agreement is:

Attn: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. **Development Fee.** The Development Fee payable by you to us is equal to \$ \_\_\_\_\_.  
The Development Fee is payable (check one):

- In a lump sum upon execution of this Agreement.  
 In multiple installments as described below.

Installment Payment Amount	Due Date
	Upon execution of the Agreement
	24 months after the Effective Date
	36 months after Effective Date

5. ~~**Security Deposit.** The Security Deposit payable by you to us is equal to (check one):~~

- ~~N/A.  
 \$ \_\_\_\_\_.~~

6.5. **Territory.** The Territory set forth in Section 2(d) of the Agreement will be the area shown on the map or described below by the following zip codes:

\_\_\_\_\_  
\_\_\_\_\_

7.6. **Development Schedule.** The Development Quota and Minimum Quota of this Agreement requires that you must meet the following within each of the indicated Development Period(s):

Development Period	Number of Barrio Burrito Bar businesses in Your Territory		
	Quota Type	New Businesses	Total Businesses
	Minimum Quota		
	Development Quota		
	Minimum Quota		
	Development Quota		
	Minimum Quota		
	Development Quota		
	Minimum Quota		
	Development Quota		

~~\*If applicable, and only you meet the conditions in this Agreement for refund of the Security Deposit.~~

8.7. **Renewal Development Schedules.** Master Franchisor and Master Franchisee agree that successor agreements for Renewal Term 1 and Renewal Term 2 shall include the new development obligations set forth below for each term below. “Total Businesses” set forth in the Renewal Development Schedule for Renewal Term 1 refers only to the total Barrio Burrito Bar businesses opened during Renewal Term 1, and “Total Businesses” set forth in the Renewal Development Schedule for Renewal Term 2 refers only to the total Barrio Burrito Bar businesses opened during Renewal Term 2.

Development Schedule: Renewal Term 1			
Development Period	Quota Type	New Businesses	Total Businesses
	Minimum Quota		
	Development Quota		
	Minimum Quota		
	Development Quota		
Development Schedule: Renewal Term 2			
Development Period	Quota Type	New Businesses	Total Businesses
	Minimum Quota		
	Development Quota		
	Minimum Quota		