

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 \$1,119,000. This includes \$75,000 to \$1,000,000 that must be paid to us and our affiliates.

Master franchisees will also enter into a franchise agreement for a Barrio Burrito Bar restaurant 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, Suite 301, Toronto, 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 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.



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Issuance Date: August 24, ~~6, 2024~~2023

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 master franchisees. You can find their names and contact information in Item 20 or Exhibit D.
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 Exhibit E 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 Burrito Bar Master 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 <u>Barrio Burrito Bar</u> master franchisee?	Item 20 or Exhibit D 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 Exhibit F.

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 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. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **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.
5. **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.
6. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
7. **Unregistered Trademark.** The primary logo that you will use in your business is not federally registered. If the franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.

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.

**NOTICE REQUIRED BY
STATE OF 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 the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. 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 terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision 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 5 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 or 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.
- (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 transferee 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 there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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[2023 – 2024 - 2025 Master FDD v1F]

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “BBU,” “we,” “us” and “our” means BurritoBar USA, Inc., the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from BBU.

The Franchisor

BBU is a Delaware corporation formed on October 30, 2017. We operate under our corporate name and the name ~~Burrito Bar~~ and Barrio Burrito Bar. Our principal business address is 1120 Finch Avenue West, Suite 301, Toronto, Ontario M3J 3H7. ~~We offer~~began offering franchises (~~“for Master Businesses in 2017. We also offer single unit franchises (“Barrio Burrito Bar Franchise(s)” or “Franchise(s)” for single franchises and area development franchises for~~Barrio Burrito Bar restaurants and have done so since ~~May~~2021. As of April 30, ~~2024~~2023, we had ~~2~~four single unit franchised businesses (~~“Barrio Burrito Bar Businesses (each franchised). We began offering.”~~). All existing Burrito Bar ~~master franchises in 2017. As of April 30, Master Businesses and 2023, we had one Burrito Bar master franchisee in~~Businesses will rebrandMichigan who also operates an outlet similar to the business described in this Franchise Disclosure Document. We intend to begin offering area representative franchises in 2023 or 2024. We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. Barrio Burrito Bar within approximately one year. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document. We do not have any parents or predecessors.

Our affiliate, BarBurrito Restaurants, Inc. (“BBR”), ~~owns and controls all of the intellectual property utilized by all of the Burrito Bar Franchises and licenses it to us.~~ BBR shares our principal address. BBR is also the franchisor of BarBurrito restaurants in Canada. BarBurrito businesses operate restaurants similar to Barrio Burrito Bar Businesses. BBR has offered franchises in Canada for BarBurrito restaurants since 2005 and master franchises since 2016. BBR does not conduct any other business and does not offer franchises in any other line of business. As of April 30, ~~2024~~2023, BBR had ~~250~~316 Canadian franchised locations; and three Canadian master franchises; ~~one United States master franchise and no open United States franchised locations or area representative franchises.~~ BBR does not operate any BarBurrito restaurants and BBR does not conduct the type of master franchise business described in this Franchise Disclosure Document.

Our affiliate, 2741346 Ontario, Inc. is an Ontario corporation with a principal address of 1126 Finch Avenue West, Unit #14, Toronto, Ontario, M3J 3J6. This affiliate operates one BarBurrito restaurant, and has done since 2020, which is also used as a training facility for BBR’s franchisees. We may also utilize this restaurant as a training facility for our franchisees in the United States. ~~This affiliate~~2741346 Ontario, Inc. does not offer franchises in any line of business.

Our affiliate, BarNaan RestaurantsFranchising, Inc. (“BRIBFI”) is an Ontario corporation with a principal address of 1120 Finch Avenue West, Ste. 301, Toronto, Ontario M3J 3H7. ~~BRIBFI~~ offers franchises in Canada for a restaurant that offers naan ~~wrap~~wraps and bowls. ~~BRI does not conduct business under in any other line of business or offer franchises in any other line of business. BRI and has done so since May 2024.~~ BFI does not provide products or services to our franchisees.

Except for BBR, 2741346 Ontario, Inc., ~~and BarNaan Restaurants, Inc.,~~BFI as described above, we do not have any affiliates that either offer franchises in any line of business or provide products or services to our franchisees.

Our agent for service of process in Delaware is USA Corporate Services Inc., 3500 S. Dupont Hwy, Dover, DE 19901. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Description of the Franchised Business

As a master franchisee for the Burrito Bar franchise system (“Master Franchisee”), you will be responsible for performing a variety of franchise sales, servicing and support functions with respect to Burrito Bar Businesses within your “Territory” (defined in Item 12). These services include soliciting, screening, selling, training, developing, servicing and supporting Burrito Bar Businesses. You will provide franchisees with all support that we require.

You will grant franchises to operate Burrito Bar Businesses using the System and our trade names, trademarks, service marks, emblems, logos, slogans and copyrights (“Marks”) as authorized by us from an approved location. You will sign Burrito Bar single unit franchise agreements (“Franchise Agreements”) and ~~area development agreements (“Area Development Agreement”)~~ multi-franchise addenda with franchisees, and you will collect the associated fees. We will not be a signatory to the Franchise Agreements. The Franchise Agreements must contain the then-current material terms set forth in our single unit Franchise ~~Disclosure Document~~ Agreement. The then-current single unit Franchise Agreement is attached as Exhibit G-6 of this Franchise Disclosure Document. Any additional fees or terms are subject to approval. In consideration of the grant of master franchise rights and the support we provide, you will pay us a percentage of the royalty fee, initial franchise fee, renewal fees, transfer fees, multi-unit franchise fees, and ~~development fees~~ (if we approve such fees, in our sole discretion) any additional fees we permit you to charge franchisees (“Franchise Fees”) payable pursuant to the Franchise Agreements. These payments apply to franchises operated by third-party franchisees as well as franchises operated by you or your affiliates. You may engage other brokers, lead generation companies or referral sources to solicit and refer franchise prospects to you. However, you are solely responsible for all brokerage and other fees owed to brokers, lead generation companies and referral sources that you engage.

You must sign our standard form of Master Franchise Agreement, the form of which is attached to this Franchise Disclosure Document as Exhibit B (“Master Franchise Agreement”). You will perform your franchise sales and support services according to the Master Franchise Agreement and any related policies and procedures in our Master Franchise manual (“Manual”).

As a Master Franchisee, you will solicit and screen prospective franchisees to ensure they meet our minimum qualifications and requirements. You will be authorized to sign Franchise Agreements with franchisees that meet our minimum qualifications. You are responsible for complying with all franchise laws relating to your offer and sale of franchises, including preparing and providing a copy of a complete and accurate Franchise Disclosure Document in the time and manner required by applicable law.

You must provide each franchisee with all pre-opening training, support and ongoing assistance that we require, including in the areas of: (i) site selection and lease negotiation; (ii) constructing, developing and equipping Burrito Bar Businesses; (iii) conducting grand openings and sales and marketing support; (iv) operational and quality control issues; (v) the sourcing of equipment, fixtures, furnishings, inventory and supplies; and (vi) the closure, relocation, renewal and transfer of Burrito Bar

Businesses. You will also administer the franchise system in your Territory by soliciting and selling franchises, monitoring and inspecting the operations of Burrito Bar Businesses, enforcing the terms of Franchise Agreements and the Manual against franchisees who are in breach of their obligations, and assisting franchisees who seek to close or transfer their franchises.

You may begin recruiting and servicing Burrito Bar Business franchisees following your successful completion of the master franchise training program. If existing Barrio Burrito Bar franchisees operate within your Territory, we may elect to assign these franchisee's franchise agreement to you, and you will be entitled to retain a percentage of fees from these franchisees (except for the Initial Franchise Fee and the design fee) as provided in the Franchise Agreement; however the opening or existence of these pre-existing Barrio Burrito Bar Businesses within your Territory will not be deemed to satisfy your obligations to open Barrio Burrito Bar Businesses under the Development Schedule.

You must meet or exceed the minimum performance requirements set forth in Attachment A of the Master Franchise Agreement, in the manner and within each of the time periods specified in the Master Franchise Agreement (each, a "Development Period"). You must develop the minimum number of Burrito Bar Businesses in your Territory that are specified in the development schedule contained in the Master Franchise Agreement for each Development Period ("Development Schedule"). Your Development Schedule will contain a minimum quota ("Minimum Quota") and a development quota ("Development Quota"). Any additional Burrito Bar Business opened over and above those required by the Development Quota will count towards your next Development Quota under the following Development Period. The percentage of Franchise Fees you pay us will be increased if you do not meet the ~~Minimum Development~~ Quota. Any Burrito Bar Business that you or an affiliate directly owns and operates will be counted in determining whether you are meeting your development obligations. Unless we agree otherwise, Master Franchisees or their affiliates must also enter into a franchise agreement for a Primary Business that will also serve as a training location for franchisees within a designated area, ~~which is offered under a separate franchise disclosure document,~~ and you or your affiliate must continue to must directly own and operate at least one Burrito Bar Business during the term of your Master Franchise Agreement.

Market and Competition

You will compete with other similar franchises, business brokers, personal consultants, and businesses offering franchises, businesses, and business opportunities within your Territory. You will market the Barrio Burrito Bar Franchise opportunities available in your Territory to the general public, business entrepreneurs, and other qualified candidates. The market for the sale of franchises is competitive and well developed. Our services are not seasonal in nature. As a Master Franchisee, you will compete with other franchise systems.

Laws and Regulations

As a business owner, you may be subject to general business, employment and other laws and regulations. You should consult with your attorney and local, state and federal government agencies before buying your Master Business to determine all legal requirements and consider their effects on you and cost of compliance. You must investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

As a Master Franchisee, you must comply with certain federal and state laws regulating franchising. The Federal Trade Commission and many states regulate the offer and sale of franchises and the relationship between franchisors and franchisees. You must prepare, maintain, update and utilize a Franchise Disclosure Document, provide the Franchise Disclosure Document to prospective franchisees



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in the period of time required by law and register the offering in certain states (or obtain an exemption). Certain business opportunity laws may also be applicable to your business and you may be required to comply with these laws or obtain an exemption. You must comply with these laws. Some states may also require that you and your salespeople file disclosure forms with the states or obtain a franchise broker registration.

ITEM 2 BUSINESS EXPERIENCE

Founder and President: Alexander Shtein

Alexander Shtein is our Founder and has been our President since October 2017 in Toronto, Ontario. He has also served as President of our affiliate BBR in Toronto, Ontario since August 2009.

Senior Vice President: Sameer Lalji

Sameer Lalji has been Senior Vice President of our affiliate BBR since February 2020 in Toronto, Ontario. Prior to that, he served as our Vice President of our affiliate BBR in Toronto, Ontario from February 2014 to February 2020.

Chief Development Officer: Jeff Young

Jeff Young has been Chief Development Officer of our affiliate BBR in Toronto, Ontario since November 2022. Prior to that, Mr. Young was Principal of Scale Franchise, an independent franchise broker, from January 2021 to November 2022 in Toronto, Ontario. Mr. Young was not employed from September 2020 to January 2021. Mr. Young was President of Yogen Frusz Canada from November 2018 to September 2020 in Toronto, Ontario. ~~and prior to that he was Chief Development Officer for Monarch and Misfits from June 2016 to November 2018 in Toronto, Ontario.~~

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Development Fee

You will pay us a master franchise development fee that will vary based on the number of franchises you are permitted to develop in your Territory and the market where your Territory is located (“Development Fee”). The Development Fee may be payable in a lump sum when you sign your Master Franchise Agreement unless we allow you to pay multiple installment payments (each, an “Installment Payment”). Generally, we require a lump sum payment for Development Fees less than \$150,000. We estimate the amount payable will range from \$75,000 to \$500,000.

If we allow you to pay the Development Fee in installments, you will pay the first Installment Payment when you enter into your Master Franchise Agreement. The second Installment Payment is payable 24 months after the date of signing of the Master Franchise Agreement. The third Installment Payment is due 36 months after you enter into the Master Franchise Agreement.

The Development Fee and all Installment Payments are fully earned by us at the time of signing the Master Franchise Agreement and are nonrefundable, even if you fail to establish the Master Franchise, sell any Barrio Burrito Bar Franchises, or if we terminate the Master Franchise Agreement. Other than as stated above, all initial franchise fees are uniform and charged to all master franchisees.

Security Deposit

If your Development Fee exceeds \$150,000, we will require you to pay us a security deposit equal to up to 50% to 100% of your Development Fee at the time you sign your Master Franchise Agreement (“Security Deposit”). The Security Deposit is not uniform and will vary based on the size and location of your Territory and the number of Barrio Burrito Bar Businesses to be developed under your Development Schedule. The Security Deposit will range from \$75,000 to \$500,000. If we utilize any portion of your Security Deposit to cover our costs and/or expenses in correcting your default, you will reimburse the amount expended to maintain the previous balance of the Security Deposit. The Security Deposit will be refundable in multiple installments as follows: (i) 50% of the Security Deposit will be refunded when you have opened 10% of the Barrio Burrito Bar Businesses required to be open under your Development Schedule; and (ii) 50% of the Security Deposit will be refunded when you have opened 40% of Barrio Burrito Bar Businesses required to be open under your Development Schedule. If your Franchise Agreement is terminated, we will retain the balance of the Security Deposit.

Financial Assurances

Some states have imposed a financial assurance. Please refer to the State Addendum in Exhibit F to the Franchise Disclosure Document.

**ITEM 6
OTHER FEES**

Type of Fee ¹	Amount	Due Date	Remarks
Royalty Fee	50% - 75% of royalty fees payable by <u>Barrio Burrito</u> Bar Businesses in the Territory pursuant to the applicable Franchise Agreement	Tuesday of each week	You must pay the royalty fee for each <u>Barrio Burrito</u> Bar Business regardless of whether you actually collect any fees. If you cannot determine the amount of the royalty fee due by a <u>Barrio Burrito</u> Bar Business by Tuesday of each week, you will pay an amount equal to the combined average monthly royalty fee paid for the previous three-week period. When you are able to determine the actual amount of the royalty fee due by the <u>Barrio Burrito</u> Bar Business, you or we will pay to the other within five business days any difference between the amount due and the amount paid by you (or we may provide a credit towards future fees due to us). The royalty fee will be equal to 50% of royalties if you are in your first Development Period or if you meet your Development Quota. The royalty fee will be increased to 75% of royalty fees if the Development Quota is not met at the end of the preceding period. If you meet the Development Quota, the fees will revert to 50% of royalties.
Other Franchise Fees	50% - 75% of all other Franchise Fees if you are in your first Development Period or if -you meet your Development Quota	Within 10 days of when funds are due from each franchisee	You agree to pay us, upon receipt, 50% of all initial franchise fees, transfer fees, renewal franchise fees or other amounts or fees paid by all <u>Barrio Burrito</u> Bar Businesses in the Territory pursuant to the applicable Franchise Agreement. <u>(including any other fees we permit you to charge in our discretion).</u> Fees will be increased to 75% of Franchise Fees if you meet only the Minimum Quota at the end of any Development Period. If you meet the Development Quota, the fees will revert to 50% of Franchise Fees.
Advertising Support Fee	Once you implement a brand development fund (" <u>Brand Fund</u> "), you will pay us 33.3% of the Brand Fund Contributions you receive from your franchisees	Same as Royalty	This " <u>Brand Fund Contribution</u> " is used for a system-wide Brand Fund for our use in promoting and building the <u>Barrio Burrito</u> Bar brand. You agree to pay us 33.3% of the Brand Fund Contributions you receive from <u>Barrio Burrito</u> Bar Franchises in your Territory in consideration of our costs and expenses in assisting with the development of advertising and marketing campaigns and materials to be used in your Territory. You will use the balance of the fees to promote the <u>Barrio Burrito</u> Bar system within your Territory through a Brand Fund you administer according to our standards and specifications.
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	Cost 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 reimburse us for all travel, meals and lodging expenses we incur.

Type of Fee ¹	Amount	Due Date	Remarks
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 training or other support services to you or any <u>Barrio Burrito Bar Businesses</u> that you were required to provide them under the Master Franchise Agreement.
<u>Standard Renewal Fee</u>	<u>28% – 83% of the Development 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.</u>	Upon execution of a renewal Master Franchise Agreement	This <u>The renewal fee will vary based on whether you have met your final Development Quota. You will not be permitted to renew if you do not meet the Minimum Quota. See Note 3. If you open less than 150 locations, the fee will be equal to \$3,000 per Barrio Burrito Bar Business. If you will open 150 or more Barrio Burrito Bar Businesses, the fee will be equal to \$2,000 per business. If you meet the Minimum Quota but not the Development Quota, you will pay a Modified Renewal Fee.</u>
<u>Modified Renewal Fee</u>	<u>\$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.</u>	<u>Upon execution of a renewal Master Franchise Agreement</u>	<u>If you open less than 150 locations, the fee will be equal to \$6,000 per Barrio Burrito Bar Business. If you will open 150 or more Barrio Burrito Bar Businesses, the fee will be equal to \$4,000 per business.</u>
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.
Audit Fee	Actual cost of audit (including travel and lodging expenses for audit team)	10 days after invoice	Payable only if the audit (i) reveals an understatement of amounts owed by at least 3%; or (ii) is necessary because you fail to furnish required information or reports to us in a timely manner.
Transfer Fee	5% of sales price, up to \$200,000	Before or at time of transfer	Payable when you transfer or sell your Master Business. No charge if franchise transferred to an entity that you control or for certain transfers of ownership interests between existing owners except reasonable actual costs and expenses.
Indemnification	Will vary with circumstances <u>The actual costs we incur</u>	10 days after invoice	You must indemnify and reimburse us for any damages, losses or expenses we incur as a result of: (i) the marketing or operation of your Master Business; (ii) your solicitation and sale of franchises; (iii) claims brought by franchisees in the Territory that are not based on our actions or omissions; or (iv) your breach of the Master Franchise Agreement.
Supplier Review Fee	Our costs and expenses incurred in reviewing product or supplier	10 days after invoice	If you or a franchisee proposes a new supplier, or a new product, for any source restricted goods or services, you must pay us a supplier review fee which compensates us for reviewing the qualifications and products/services of the supplier or distributor.

Type of Fee ¹	Amount	Due Date	Remarks
Attorney Fees and Costs	Will vary with circumstances <u>The actual costs we incur</u>	On demand	You must reimburse us for all attorneys' fees and other costs we incur relating to your breach of any term of the Master Franchise Agreement or any other agreement with us or our affiliates.
Insurance	Actual cost of premiums, plus our costs and expenses plus additional 10% as administrative fee	10 days after invoice	If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us and pay a fee equal to 10% of our costs and expenses.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees, or similar charges	As incurred	If you transfer your Master Business to a third party or purchaser, you must reimburse all of our costs for commissions, finder's fees and similar charges. You are solely responsible for all brokerage fees and other fees you must pay for the services of third-party brokers or lead generation companies to assist you in soliciting prospective franchisees.

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 increase over the term of the Franchise Agreement. Also, 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 to any other increase), 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 Franchise 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-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 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.

(3) If you do not meet your Development Quota but meet your Minimum Quota at the end of your final Development Period and we agree to renew your term, you will pay a Renewal Fee equal to 83% of your Development Fee. If you meet the Development Quota and we agree to renew your term, your Renewal Fee will be equal to 28% of your Development Fee.



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**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount ¹		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 ²	\$0	\$500,000	Lump sum	Lump Sum	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) ²³	\$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) ²⁴	\$15,000	\$45,000	As incurred	As incurred	Suppliers and employees
TOTAL ESTIMATED INITIAL INVESTMENT⁴	\$128,750	\$1,119,000			

NOTES:

(1) — ~~These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Master Franchise.~~ (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 the experience of the existing master franchisee and our affiliate's experience offering Master Franchises in Canada. ~~Your initial investment may vary depending on numerous factors, including the Territory that you are granted under the Master Franchise Agreement, the condition and square footage of the office premises where you operate your Master Franchise, geographic areas and your capabilities.~~

(2) — (2) Security Deposit. If your Development Fee is less than \$150,000, you will not be



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required to pay any Security Deposit.

(3) 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 decide to register the offering with one or more franchise registration states, you will incur additional legal fees and state filing fees.

~~(3) — (4) Additional Funds.~~ This ~~estimates amount includes your expenses during~~ additional funds for the first three months of operation, including marketing and other miscellaneous expenses ~~and required working capital. It does not include any wage or salary paid to you and assumes you will not hire any managers or employees during the first three months of operation. This estimate includes working capital that is in addition to the working capital required for your Burrito Bar Businesses.~~ Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Master Businesses.

~~(4) — (5) Total Estimated Initial Investment.~~ These figures are estimates based on the prior franchising experience of our principals and their advisors. ~~You may have additional expenses starting your Master Business. Your costs will depend on a variety of factors, including: how closely you follow our methods and procedures; your management skills, experience and knowledge; competition; and the sales level achieved during the initial period. We strongly recommend that you have independent estimates on your anticipated cost to develop, open and operate your Master Business.~~

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

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. 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 you must pay the then-current design fee to the designer on behalf of your franchisees or otherwise pay this fee on your own behalf for any Primary Business or other Barrio Burrito Bar Business you operate. Our owners own an interest in BBU and 2741346 Ontario, Inc. Other than BBU and 2741346 Ontario, Inc., none of our officers own an interest in any supplier.

Current Source Restricted Items

You must purchase and maintain, in full force and effect and at your expense, all of the insurance coverage described in the Manual, as well as any other insurance coverage required by law. As a Master Franchisee, we require that you purchase the following insurance and name us as an additional insured:

- a. Comprehensive general liability insurance, including products liability, property damage, owned and non-owned automobile coverage and personal injury coverage with a combined single limit of at least \$2,000,000. Minimum limits may be modified by written notice to you.
- b. All-risk property insurance including fire, vandalism, theft, burglary, and extended coverage insurance with primary and excess limits of at least 80% replacement value of the office premises and its inventory, fixtures and equipment.
- c. Business interruption insurance which provides for payment to us of Royalties and advertising payments lost during the business interruption.
- d. Employment Practices Liability Insurance with a combined single limit of at least \$500,000, including full prior acts coverage, third party coverage, and Fair Labor Standards Act (FLSA) coverage (FLSA coverage to have a sub-limit of \$100,000).

e. Workers' Compensation, employer's liability, and other insurance required by statute or regulation in your state.

f. Any other insurance that we specify in the Manual from time to time.

You must purchase insurance from suppliers that meet our minimum qualifications. The insurance policies must name us as an additional insured, contain a waiver by the insurance carrier of all subrogation rights against us and provide us with 30 days' prior notice of the termination, expiration, cancellation or modification of the policy.

The insurance company must be authorized to do business in the state where your Master Business is located, and must be approved by us. It must also be rated "A" or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. Your policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days' prior written notice.

All of your marketing materials must comply with our standards and requirements. We have the right to review and disapprove of your marketing materials that we did not prepare or previously approve, including marketing materials that you use to solicit the sale of franchises. We may require that you utilize our designated supplier for social media marketing services. You must comply with any social media policy that we develop.

If we allow you to establish and operate a website relating to your Master Business, the website is subject to our approval and must meet all of our standards and specifications.

In addition to the restrictions above pertaining to purchases associated with the Master Business, each Barrio Burrito Bar Business owner must make certain source restricted purchases for items used within the Barrio Burrito Bar Business(es).

We estimate that approximately 35% to 45% of purchases and leases required to establish your Master Business and 15% to 25% of purchases and leases required to operate your Master Business will be from us, our affiliates, other approved suppliers or under our specifications.

Purchase Agreements

We may negotiate group rates, including price terms, for the purchase of equipment and supplies necessary for the operation of the Master Business. Presently, there are no purchase or supply agreements in effect for source restricted purchases for master franchisees and there are no purchasing or distribution cooperatives that you must join. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted pricing that we negotiate. We currently do not have any purchasing or distribution cooperatives as of the Issuance Date; however, we anticipate finalizing a distribution agreement with our designated food provider by the end of 2024~~2023~~. We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees, and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you.

Franchisor Revenues from Source Restricted Purchases

During our last fiscal year ended April 30, 2024~~2023~~, neither we nor our affiliates derived



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revenue or other material consideration as a result of franchisees' required purchases or leases. Except as stated above, no persons affiliated with us are currently approved suppliers for master franchisee purchases. There are no approved or designated suppliers in which any of our officers owns an interest. We expect to receive a 5% rebate from the supplier of the spices used by Barrio Burrito Bar Businesses.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in <u>Master Franchise Agreement</u>	Disclosure Document Item
a. Site selection and acquisition/lease	Not Applicable	Item 7 & Item 11
b. Pre-opening purchases/leases	Section 14.5	Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	Not Applicable	Item 7 & Item 11
d. Initial and ongoing training	Section 9; Section 11	Item 6 & Item 11
e. Opening	Not Applicable	Item 11
f. Fees	Section 5, 9, 14.4, 14.5 & 21.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manuals	Section 10, 11, 12, 13, 14 & 19	Item 11
h. Trademarks and proprietary information	Section 19	Item 13 & Item 14
i. Restrictions on products/services offered	Section 14.3	Item 16
j. Warranty and client service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 10.1	Item 12
l. Ongoing product/service purchases	Section 14.5	Item 8
m. Maintenance, appearance and remodeling requirements	Not Applicable	Not Applicable
n. Insurance	Section 16.6	Item 6, Item 7 & Item 8
o. Advertising	Section 13	Item 7 & Item 11
p. Indemnification	Section 20	Item 6
q. Owner's participation/management/staffing	Section 7	Item 11 & Item 15
r. Records/reports	Section 16.1, 16.2 & 16.3	Item 6
s. Inspections/audits	Section 18	Item 6 & Item 11
t. Transfer	Section 21	Item 17
u. Renewal	Section 6	Item 17
v. Post termination obligations	Section 23	Item 17
w. Non-competition covenants	Section 15	Item 17
x. Dispute resolution	Section 24	Item 17

ITEM 10 FINANCING



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We offer financing to Master Franchisees for the ~~Initial Franchise~~Development Fee.

Typically, when you sign the Master Franchise Agreement, you must make the first Installment Payment. Generally, the first installment will be equal to 33.3% and 50% of the Development Fee. The second Installment Payment is payable 24 months after the date of signing of the Master Franchise Agreement. The third Installment Payment is due 36 months after you enter into the Master Franchise Agreement. If you fail to pay any Installment Payment when due, we will have the right to terminate your Master Franchise Agreement. We do not assess any interest or finance charges on the balance of the Development Fee. We may require you to pay a Security Deposit equal to 50% to 100% of your Development Fee, and we have the right to retain this Security Deposit if your Master Franchise Agreement is terminated for any reason, including non-payment of the balance of the Development Fee. ~~You may prepay any portion of the balance of the Development Fee at any time without penalty.~~ Any prepayments shall be first applied to any other sums due to us and then to the outstanding principal balance. Upon termination of your Master Franchise Agreement, any unpaid balance of the Development Fee will be forgiven. We do not require any party to personally guarantee payment of the balance of the Development Fee as the balance will be forgiven upon termination. You are not required to waive any defenses or legal rights, and are not barred from asserting any defenses relating to the debt. Other than termination of your Master Franchise Agreement and our right to retain any Security Deposit that you have paid to us upon termination, there are no additional liabilities upon default of your debt. We do not intend to sell, assign or discount to any third party, in whole or in part, any financing arrangements. Because we are the lender, neither we, nor an affiliate receives any consideration related to your financing of the Development Fee through us. You may prepay any portion of the balance of the Development Fee at any time without penalty.

Other than the option to pay the Development Fee in installments, we do not offer any other direct or indirect financing. We do not guarantee any of your notes, leases or obligations.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

Pre-Opening Obligations

Before the opening of your Master Business, we (or our affiliate or designee) will provide the following assistance and services to you:

1. License you the Marks necessary to begin operating your Master Business. (Section 3)
2. Provide you with access to our Manual and Franchisee Manual. The Table of Contents for the Manual is attached as Exhibit C to this Franchise Disclosure Document. (Section 14.1)
3. Provide an initial training program ("Initial Training Program"). See Section below entitled "Initial Training Program" for additional information. (Section 9)
4. Provide you with information pertaining to us, the Franchise System and the Barrio Burrito Bar Business operating system that you reasonably request for purposes of including such information within your Franchise Disclosure Document. (Section 10.4)

We do not provide the above services to renewal Master Franchises and may not provide all of the above services to franchisees that purchase existing Master Franchises.



Schedule for Opening

The typical length of time between signing the Master Franchise Agreement or the payment of any fees and the opening of the Master Business is approximately two to three months. You must complete the Initial Training Program and commence operation of your Master Business within six months of signing the Master Franchise Agreement. Some factors which may affect this timing are your ability to secure any necessary financing, whether you must prepare and file any documentation, whether you must register as a franchise broker in any state in which your Territory is located, and completion of required training. Unless we waive your requirement to open a Primary Business, you must open the Primary Business in accordance with the terms of your Franchise Agreement.

We do not require that you utilize a separate office or commercial facility for the operation of your Master Business. You may operate from a home office or from a Barrio Burrito Bar Business that you or an affiliate owns and operates.

Continuing Obligations

During the term of the Master Franchise Agreement, we (or our affiliate or designee) will provide the following assistance and services to you:

1. Update you on any material changes to a Barrio Burrito Bar Business, the goods or services offered at such businesses, marketing and operation of a Burrito Bar Business and/or administration of the Franchise System or Burrito Bar Business operating system. (Section 17)

2. Make available to you general advertising, promotional and educational methods, and techniques and materials that we develop. (Section 17)

3. Prepare training and educational materials for use by franchisees that may be copyrighted by us and may be reproduced by you with our permission. (Section 17)

4. Provide consulting, guidance and support through the Term. (Section 17) subject to monthly allowances and costs.

5. Collect a percentage of Brand Fund Contributions from you and use these contributions to administer a brand fund that will promote the Burrito Bar System within your Territory. (Section 14.4)

6. Provide guidance, standards, and specifications on advertising and marketing the sale of Barrio Burrito Bar Businesses and the Barrio Burrito Bar System. (Section 14)

7. Pay you a referral fee equal to 10% of the Development Fee received by us if you refer us a candidate who was not a master franchisee prior to your referral and with whom we had had no contact prior to your referral and who, within six months of your referral, purchases a franchise from us (Section 5.13).

8. Pay you a training fee if you permit you to provide training to Barrio Burrito Bar franchisee located within your Territory after we assign the pre-existing Barrio Burrito Bar franchisee's franchise agreement to you (provided that we will not assign any such franchise agreement to you until after you have completed training and opened your Primary Business. (Section 5.14).

Optional Assistance

During the term of the Master Franchise Agreement, we (or our affiliate or designee) may, but are not required to, provide the following assistance and services to you:

1. Provide on-site training or assistance that you request at a mutually convenient time. (Master Franchise Agreement – Section 9)
2. Provide periodic refresher or additional training programs for Master Franchises. (Section 9)
3. Provide you with updates to the Manual and Franchisee Manual. (Section 17)
4. Reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by law. (Section 12.2)

Initial Training Program

You (if you are an individual) or, if you are a legal entity, your “Managing Owner” (defined in Item 15 below) must attend and successfully complete to our satisfaction our Initial Training Program. Our Initial Training Program is virtual. The Initial Training Program comprises approximately four days of instruction in general franchise sales/marketing techniques, orientation to the System, legal compliance issues, business operations, and strategies for training and supporting Burrito Bar franchise owners. You (if you are an individual) or your Managing Owner (if you are a legal entity) will also be required to attend and complete the initial training program for Barrio Burrito Bar Businesses.

Only you or your Managing Owner (if applicable) may participate in our Initial Training Program without charge. You must pay all transportation, lodging and living expenses incurred when you attend the training program. You or your Managing Owner (if applicable) must complete the Initial Training Program not less than seven days before your Master Business opens for business. Unless we give you written permission, you or your Managing Owner (if applicable) must complete the Initial Training Program before you open your Master Business, place your first advertisement for the sale of franchises or conduct your first sales call with a prospective franchisee. You or Managing Owner (if applicable) must also complete the initial training program for Barrio Burrito Bar Businesses to our satisfaction.

You or your Managing Owner (if applicable) must attend, at your expense, every seminar, convention, continuing development program, or regional or national meeting presented by us to discuss common objectives for the System, such as advertising programs, new methods and programs in operations, training, management, sales, advertising and sales promotion to the extent any programs, meetings and seminars are offered by us.

We plan to provide the training listed in the table below. The hours presented for each subject are estimates and may change. We currently do not have a set training schedule but will conduct training on an as-needed basis.

INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Introduction	2	0	Virtual



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Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Store operations and training	8	0	Virtual
Franchisee audit and compliance	8	0	Virtual
New Franchisee acquisition	4	0	Virtual
Marketing and Administration	8	0	Virtual
Total	30	0	

1. We reserve the right to vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending the Initial Training Program.
2. Our Senior Vice President, Sameer Lalji currently oversees and conducts our training program. . He has also been the Senior Vice President of BBR since 2020, and prior to that served as Vice President of BBR from 2014 to February 2020. He has worked with BBR and in the restaurant and franchising industry since 2010.
3. The Manual, Franchisee Manual and other handouts comprise the instructional materials used in our Initial Training Program.

Ongoing Training

From time to time, you may be required to have additional training to provide support to your franchises. All training that we provide will be conducted remotely or at a training center developed by you. You may request that we provide additional training although we are not obligated to do so.

Training Fees and Costs

We will charge you a training fee of \$500 per day for all training we conduct. The training fee is subject to increase based on changes on increased costs or changes in CPI. You are responsible for all food, lodging and travel costs that your Managing Owner and other owners and employees incur while attending a training program or conference.

Manuals

If and when fully developed, we will provide you with full access to our Manual in text or electronic form for the term of your Master Franchise Agreement. The Manual may include, among other things, mandatory instructions and/or optional recommendations relating to the specific methods, policies, procedures and quality standards by which you will perform your obligations under the Master Franchise Agreement and assist us with the administration of the Franchise System within the Territory, and any other information that we deem relevant and that is not inconsistent with the terms of the Master Franchise Agreement. At this time, we have not yet fully developed a comprehensive Manual although we may do so in the future. The current Manual is limited to an overview of the certain legal obligations relating to the offer and sale of franchises. However, you are responsible for hiring your own attorney to ensure that you conduct your activities in compliance with all applicable franchise laws.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Barrio Burrito Bar Businesses. We can modify the Manual at any time. You must comply with all mandatory provisions contained in the Manual. The Manual is confidential and remains our property. We may modify the Manual upon 30 days' prior notice, but the



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modification(s) will not alter your status or fundamental rights under the Master Franchise Agreement.

We will also provide you with a copy of our Franchisee Manual, which must be followed by all Barrio Burrito Bar Businesses. You are responsible for translating the Franchisee Manual at your cost when translation is necessary or appropriate.

The Manual contains a total of approximately 26 pages, and the Franchisee Manual contains a total of approximately 195 pages. A copy of the Table of Contents to the Manual and the Franchisee Manual is attached to this Franchise Disclosure Document as Exhibit C.

Site Development

We do not require that you operate your Master Business from a separate office or commercial facility, except that you must use the premises of your Primary Business (or any other Barrio Burrito Bar Business) as a training facility once opened. If you enter into any Franchise Agreements prior to opening your Primary Business or we waive the obligation that you open a Primary Business, you must make arrangements with a System franchisee to use their Barrio Burrito Bar Business or another location we approve, as a training facility.

Because we do not require a separate site for your Master Business, we do not provide assistance with selecting a site for your office or identify an area within which you must establish an office. You do not need our approval of the location of, or a lease for, your office (if you elect to maintain a separate office).

Computer System

You have a computer for use for the Master Business. This could be a computer that you already own or one that you purchase. You will use this computer system for basic business purposes, such as preparing reports, communicating with us and franchisees electronically, preparing financial statements, financial accounting and utilizing required software to administer the system. You can utilize any financial accounting software that you desire. You will pay the third-party licensor for your accounting software. We estimate the cost of the computer hardware and software will range from approximately \$1,500 to \$3,000. We may require that you purchase other computer hardware and/or software in the future. We (or our designee) have the right to independently access the electronic information and data generated from the Computer System. There are no limitations on our right to access the information.

We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor based on your use of the software or technology. We also reserve the right to create new or additional proprietary software that must be used by master franchisees or Barrio Burrito Bar Businesses in your Territory, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time, which may result in a change in fees.

The cost of maintaining, updating, or upgrading the computer system or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will range between \$100 and \$1,000, but this could vary.

Brand Fund



On an ongoing basis, your franchisees must pay you a “Brand Fund Contribution” that will be equal to at least 1.5% of the gross sales generated by their Barrio Burrito Bar Business. You must maintain a regional fund that advertises and promotes Burrito Bar Business and the System (but not the sale of franchises) in your Territory (“Brand Fund”). You will retain 66.67% of the Brand Fund Contributions for use in this fund, and this portion will be used for your Territory’s Barrio Burrito Bar brand development fund, which you will administer to promote public awareness of the Burrito Bar System within your Territory. You will pay 33.3% of the Brand Fund Contribution to us, which we will use to develop advertising materials, cover our costs and expenses ~~for~~ (including administrative expenses), in providing brand consultations and related support to you, and otherwise provide advertising and marketing services within your Territory. At this time, the Brand Fund Contributions paid to us will be used to provide advertising services and marketing assistance to you or otherwise provide advertising assistance within your Territory. Brand Fund Contributions are currently not used for the development of advertisements or ad placements, but we reserve the right to use Brand Fund Contributions for these purposes and to place such advertisements nationally in the future. We reserve the right to require that you increase the Brand Fund Contribution to up to 2.5% of your franchisee’s gross sales upon 30 days’ written notice, and you are required to increase the amount for your franchisees’ Brand Fund Contribution upon 30 days’ notice from us. The Brand Fund Contributions paid to us may be held in a separate bank account, commercial account or savings account, but we are not required to do so. The Brand Fund Contributions paid to us are not audited. We will provide an annual accounting when available for the Brand Fund Contributions paid to us that shows how the portion of the Brand Fund Contributions paid to us have been spent for the previous year upon written request. A franchisee’s gross sales will be determined based on the then-current definition of gross sales or gross revenue used in our then-current single unit Franchise Disclosure Document, which will be incorporated into the Franchise Agreements that you utilize. Each franchisee in your Territory will be required to pay the Brand Fund Contribution to you under the terms of your Franchise Agreements.

Local Advertising

You agree to use commercially reasonable efforts to market and promote: (i) the Barrio Burrito Bar brand and Burrito Bar Businesses within the Territory; and (ii) the Barrio Burrito Bar franchise opportunity. You must spend \$3,000 per month during the first year following your completion of the Training Program and \$2,500 per month for the remainder of the term of your Master Franchise Agreement to support franchise sales including advertising and salesperson compensation. This includes advertising, salesperson compensation and other expenses in the recruitment, qualification, and onboarding of new franchisees in your Territory. We will measure your compliance with this requirement on a rolling twelve month-basis, meaning that as long as your average monthly expenditure on local advertising over the twelve-month period equals or exceeds the applicable minimum monthly amount, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If you fail to spend the required amount within the applicable period, we may terminate if you do not cure this default by expending the additional amounts required to comply with this Section within 30 days. The amount you expend on the administration of the Brand Fund will not be considered to satisfy your local advertising obligation.

You agree to participate in all promotional and marketing activities that we require from time to time at your cost. Without limiting the generality of the foregoing, you may be required to establish, maintain and administer advertising programs or facilitate the establishment of advertising cooperatives for the benefit of all franchisees within your Territory. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all applicable laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others.



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We reserve the right to review and disapprove of any advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared and you or a franchisee modifies). You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). Similarly, we have the right to review and disapprove of any advertising materials used by franchisees within the Territory. You agree to provide us with copies of all such advertising and promotional materials for our review.

You may solicit franchisees only through approved media channels, including social media, in accordance with our media policies. We may require that you utilize our designated supplier for social media or other marketing services we require or allow.

You may not maintain any website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet (other than through social media outlets, if approved) or any other public computer network in connection with your Master Business except as we specifically approve. If we approve the website, you agree to submit to us for approval before use true and correct printouts of all website pages you propose to use with your website. You must obtain our prior written approval for any Internet domain name and/or home page address (although we will likely acquire and own the domain name ourselves and license it to you).

We do not require that master franchisees participate in an advertising cooperative. We have not formed and do not intend to form a master franchisee advertising or advisory council.

Opening Requirements

There is no minimum period of time after signing the Master Franchise Agreement or after completion of training by which you must begin soliciting, selling or servicing franchisees. You are required to develop your Territory within the periods of time specified in your development schedule. You may not begin operating your Master Business until you have completed the initial training program, you obtain all required licenses, permits and other governmental approvals, you prepare a Franchise Disclosure Document, you make all required filings with state agencies and you purchase all required insurance. We anticipate it will take a master franchisee between 30 and 60 days after signing the Master Franchise Agreement to prepare a Franchise Disclosure Document under federal franchise law, which will allow the master franchisee to begin selling franchises. We anticipate that a typical master franchisee will begin soliciting franchisees within 40 to 60 days after signing the Master Franchise Agreement (i.e., following successful completion of the initial training program and development of a Franchise Disclosure Document). Some of the factors that may affect this time are completion of training, obtaining insurance and complying with local laws and regulations, including obtaining any necessary franchise registrations and/or business opportunity exemptions.



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ITEM 12 TERRITORY

Exclusive Territory

Before you sign your Master Franchise Agreement, we will designate the boundaries of the area in which you will solicit and service franchisees and operate your Master Business (“Territory”). Your Territory will consist of one or more states. There is no specific minimum or maximum area that we must include in a development territory although we only intend to grant master franchise rights for entire states. We do not select a site for your office or identify an area within which you must establish your office. You do not need our approval of the location of your office. Your Primary Business must be located in your Territory.

Your Territory will be exclusive. For the duration of the term of the franchise (and any renewal term), we will not, without your consent: (i) grant master franchise rights to any other person for the Territory; (ii) offer or sell, or grant rights to third parties to offer or sell, Barrio Burrito Bar Businesses in the Territory; or (iii) develop and operate, either directly or indirectly through one or more affiliates, Barrio Burrito Bar Businesses in the Territory. 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. However, the geographic area that comprises your Territory will not be reduced unless you and we mutually agree to a reduction.

In order to maintain your rights under the Master Franchise Agreement, you must meet the development obligations described in your Development Schedule by opening and operating, either directly or through your subfranchisees, the required number of Barrio Burrito Bar Businesses during each respective Development Period. If you fail to meet the Minimum Quota for any Development Period or if one or more Barrio Burrito Bar Business within your Territory closes and such closure means that you are no longer in compliance with your Minimum Quota, we will have the right to terminate the Master Franchise Agreement or otherwise not enter into a successor agreement when the term of your Master Franchise Agreement.

You will be permitted to terminate or otherwise close one Barrio Burrito Bar Business during each Development Period, and the closure will not be considered a default under your Development Schedule as long as you still meet your Minimum Quota (“Excused Default”). If you do not use the Excused Default in any Development Period, the Excused Default will rollover and may be used in any subsequent Development Period. For example, we will not have grounds to terminate your Franchise Agreement if two Barrio Burrito Bar Businesses close during a Development Period, so long as you have two Excused Defaults that were unused during a prior Development Period and current Development Period and you still meet your Minimum Quota for the preceding Development Period. If one or more Barrio Burrito Bar Businesses within your Territory closes and such closure means that you are no longer in compliance with your Minimum Quota, regardless of whether you have any unused Excused Defaults, we may terminate the Master Franchise Agreement.

You do not receive the right to acquire additional Master Franchises unless you purchase the right in an additional Master Franchise Agreement. We do not grant you any options or rights of first refusal under the Master Franchise Agreement.

We retain all territory rights (for ourselves and our affiliates) not expressly granted to you. We may use the Marks or the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Territory. We may use trademarks

other than the Marks to sell any products or services, including products and services similar to those which you will sell within or outside of the Territory.

We are not required to pay you if we exercise any of our rights within your Territory.

Restrictions on Sales and Marketing Activities

As a Master Franchisee, you may promote the franchise opportunity through approved online channels only in accordance with our social media policy, which may be contained in the Manual and updated from time to time. You may not utilize a website except as we approve. You are not, at this time, permitted to market or sell franchises through alternative channels of distribution without our approval. You are only permitted to market the sale of franchises inside your Territory and all Barrio Burrito Bar Businesses that you sell and support must be located within the Territory. There are no other restrictions on your right to solicit prospective franchisees inside your Territory.

Competitive Businesses Under Different Marks

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells products or services similar to the products or services offered by master franchisees, but we reserve the right to do so in the future.

ITEM 13 TRADEMARKS

The Marks and the System are owned by BBR and are licensed exclusively to us. The Master~~The Marks and the System were previously owned by BBR and were licensed exclusively to us for use in the United States only. Effective November 1, 2017, BBR sold, assigned, and transferred to BBU for its own use in the United States only, the entire right to the BBR system, as then used by BBR in Canada (the “Rights”). Any improvements or advancements made by BBR in Canada will be transferred to us and become part of the Rights. The Rights do not include any right, title, interest in, or license to use, the Marks and System outside of the United States, and the ownership of any rights outside of the United States remains with BBR.~~

The Franchise Agreement and your payment of Royalties grant you the nonexclusive right and license to use the System, which includes the use of the Marks. BBR has granted us an exclusive license (“Trademark License”) to use the Marks to franchise the System around the world. The Trademark License is for ten years and began on November 1, 2017. It will automatically renew for subsequent ten-year periods so long as we are not in default or do not materially breach the No Trademark License. If the Trademark License is terminated, BBR has agreed to license the Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Barrio Burrito Bar Franchise.

BBR owns~~We have applied for registration of the following trademark that is registered~~trademarks with the United States Patent and Trademark Office (“USPTO:”):

<u>Mark</u> Trademark	<u>Registration</u> Serial No.	<u>Registration</u> Fili ng Date	<u>Register</u> Stat us
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Mark/Trademark	Registration Serial No.	Registration Filing Date	Register Status
 	6,486,573 98,563,116	September 14, 2021 May 22, 2024	<u>Pending on the Principal Register</u>
	98,641,994	July 10, 2024	<u>Pending on the Principal Register</u>

~~BBR does~~ We do not have a ~~federally registered trademark~~ federal registrations for the word ~~mark~~ for ~~Burrito Bar~~. Marks listed above. Therefore, ~~this trademark does~~ these trademarks do not have many legal benefits and rights as a federally registered trademark. If our right to use ~~this trademark~~ these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

~~The words “BURRITO BAR” and “FRESH MEXICAN GRILL” included in the Mark above (registration number 6,486,573) are descriptive. BBR, as part of its federal registration of the Mark, makes no claim to the exclusive right to use the words “BURRITO”, “BAR”, OR “FRESH MEXICAN GRILL” apart from the Mark as shown. The distinctive elements in the Mark are the design elements, including the color and the sombrero “O”. We are aware that other businesses use or may use one or more of these descriptive words in their business names and/or logos; however, we do not know of any superior prior rights or infringing uses that could materially affect your use of the registered Mark shown in the table above.~~

We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in the premises of your Master Business that you are an independently-owned and operated licensed franchisee of Barrio Burrito Bar. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Franchise, or any interest in the Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Master Franchise Agreement, infringes upon that party’s intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the action appropriate, but we are not required to take any action if we do not feel it is warranted. You must notify us immediately if you learn that any party is

using the Marks or a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within 30 days after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional trademarks not listed here, and may make those trademarks available for your use and for use by other franchisees.

ITEM 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not have an ownership interest in any patents or pending patent applications that are material to the Master Business. We have not registered any copyrights with the United States Copyright Office, but we claim copyrights on certain forms, advertisements, promotional materials and other written materials as well as our website. We also claim copyrights and other proprietary rights in the Manual and Franchisee Manual.

There are no agreements currently in effect that significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the USPTO, the U.S. Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. As of the date of this Franchise Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them in any state.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for the Marks described in Item 13 of this Franchise Disclosure Document.

Confidential Information

You may not, during the initial term of your Master Franchise Agreement, any renewal term, or after the Master Franchise Agreement expires or is terminated, reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our confidential information or give it to a third party except as we authorize.

Our confidential information will include information relating to the sale, marketing, training and servicing of Barrio Burrito Bar Businesses, including the information in the Manual and Franchisee Manual.

If you conceive of or develop any improvements or additions to the Franchise System, the Barrio Burrito Bar Business operating system or the method of operation of a Barrio Burrito Bar Business or Master Business, or any advertising or promotional ideas related thereto (collectively, “Improvements”), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to



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others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we or our affiliates authorize to operate a Barrio Burrito Bar Business or Master Business, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees or master franchisees develop that we authorize for general use in connection with the operation of a Barrio Burrito Bar Business or Master Business.

ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must designate an owner (“Managing Owner”) who will be primarily responsible for the daily management and supervision of your Master Business. Your Managing Owner must successfully complete our initial training program. Your other owners are not required to directly participate in the operation of your Master Business. The Managing Owner must own and control at least 51% of the ownership interests and voting rights in the Master Franchisee entity.

The Managing Owner must dedicate his or her full-time efforts to the operation of your Master Business. Any new Managing Owner must successfully complete the initial training program before becoming involved with the supervision, management or operation of the Master Business. The Managing Owner must ensure that the Master Business is operated in accordance with the Master Franchise Agreement and the Manual.

All of your employees and other agents or representatives who may have access to our confidential information must sign a confidentiality agreement in a form we approve or specify. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an “Owners Agreement” guarantying the obligations of the entity, which is attached to the Master Franchise Agreement as Attachment C. We also require that the spouses of the Master Business owners sign the Owners Agreement.

You must form a separate entity to own your Primary Business.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services that you sell as part of your Master Business. You must offer all goods and services that we require. You may not sell any goods or services that we have disapproved. We have the unrestricted right to change the goods and/or services that you are required to sell as part of your Master Business at any time in our sole discretion, and you must comply with any such change.

You may not provide any goods or services relating to the operation of your Master Business that we have not approved. You are required to provide franchisees with all training and support that we require.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the master franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
a. Length of the franchise term	Section 6.1	10 years.
b. Renewal or extension of the term	Section 6.1 & 6.2	If you meet the Minimum Quota and our conditions for renewal, you can enter into successor Master Franchise Agreements after the expiration of the term, provided you and we mutually agree to do so. Each renewal term will be a minimum of five years, and a maximum of 10 years unless otherwise negotiated. We may, in our discretion, modify your Development Territory upon renewal to allow for the development of additional <u>Barrio Burrito Bar Businesses</u> . <u>Your Master Franchise Agreement will describe the applicable Development Schedules for each renewal term.</u>
c. Requirements for you to renew or extend	Section 6.2	You must: not be in default; have met your Minimum Quota, pay us the applicable renewal fee, give us timely notice; negotiate new development schedule; sign our then-current form of Master Franchise Agreement and related documents; sign a general release; and not have received more than three default notices in a 12-month period, regardless of whether or not such defaults were cured. If you renew, you may be required to sign a contract with materially different terms and conditions than the original contract.
d. Termination by you	Section 22.1	You may terminate under any grounds permitted by law.
e. Termination by us without cause	Section 22.4	We can terminate without cause if you and we mutually agree to terminate.
f. Termination by us with cause	Section 22.2 & 22.3	We can terminate if you default.
g. "Cause" defined – curable defaults	Section 22.2 & 22.3	You have 10 days to cure any monetary default. You have 30 days to cure any other default (other than defaults described below under "non-curable defaults"), including failing to maintain the Minimum Quota for the preceding Development Period except you are permitted one termination during each Development Period (" <u>Excused Default</u> "), and such Excused Default may be rolled over into the subsequent Development Period if unused, and your Master Franchise Agreement will not be terminated due to the closure so long as you still meet your Minimum Quota for the previous Development Period.

THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 22.2	The following defaults cannot be cured: insolvency or bankruptcy; failure to maintain required license or permit; conviction of certain types of crimes or subject of certain administrative actions; failure to comply with material law; multiple terminations of franchisees within one Development Period and no longer meet the Minimum Quota (subject to the waiver of one per period); commission of an act that may adversely affect reputation of Franchise System, Burrito Bar Business operating system or Marks; material misrepresentations; abandonment of management functions by Managing Owner; two or more times underreporting amounts owed by at least 3%; unauthorized transfers; violation of confidentiality, non-competition or non-solicitation covenant; unauthorized use of intellectual property; committing third default during the term or any renewal term; or termination of any other agreement between you and us or an affiliate due to your default.
i. Your obligations on termination/non-renewal	Section 23	Obligations include: cease use of intellectual property; return manual and branded materials and training materials; assign telephone numbers, listings and domain names to us; comply with all post termination obligations; cancel fictitious names; provide files and information on franchisees; assign Franchise Agreements to us, and pay amounts due.
j. Assignment of contract by us	Section 21.1	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 21.2 & Attachment A	Includes transfer of contract or assets, or ownership change.
l. Our approval of transfer by you	Section 21.2, 21.3 & Attachment A	If certain conditions are met, you may transfer to a newly-formed entity wholly owned by you, or in certain instances, to an existing owner, without our approval. We have the right to approve all other transfers but will not unreasonably withhold approval.



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THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
m. Conditions for our approval of transfer	Section 21.2	Transferee must: meet our qualifications; successfully complete training (or commit to do so); obtain all required licenses and permits; and sign a new Master Franchise Agreement or assume the existing Master Franchise Agreement as described below. You must: be in compliance with Franchise Agreement and Master Franchise Agreement; pay us the transfer fee; and sign a general release. If you request to transfer your rights under the Master Franchise Agreement to a transferee, and such transferee meets our then-current standards and specifications, we shall permit the transferee to: (i) assume the existing Master Franchise Agreement, including the remaining Development Schedule and existing Development Territory; or (ii) negotiate a new Master Franchise Agreement and Development Schedule using our then-current form of Master Franchise Agreement, which, subject to the availability of adjacent areas, may include an extended Development Territory with additional areas where the transferee may develop and license others to develop <u>Barrio</u> Burrito Bar Businesses, provided that we reserve the right to negotiate a Development Fee (in addition to the Transfer Fee) in consideration of any extension of the term and/or Development Territory.
n. Our right of first refusal to acquire your business	Section 21.5	We may match any offer for your Master Franchise.
o. Our option to purchase your business	Section 21.5	Under the Master Franchise Agreement, we may, but are not required to, purchase your Master Franchise by giving you written notice of our intent to exercise this option within 30 days after the date of termination or expiration of the Franchise Agreement.
p. Your death or disability	Section 21.4	Within 120 days, Master Franchise must be assigned by estate to an assignee in compliance with conditions for other transfers. We may designate manager to operate the <u>Master</u> Business prior to transfer.
q. Non-competition covenants during the term of the franchise	Section 15.3	No involvement in competing business other than owning an interest of five percent (5%) or less in a publicly traded company that is a competitive business; comply with non-solicitation and non-disclosure covenants. Subject to applicable state law.



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THE FRANCHISE RELATIONSHIP		
Provision	Sections in Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 15.4	For two years beginning on the effective date of termination, or expiration, or transfer of the Master Franchise Agreement, or two years after the Transfer of an ownership interest by an Owner, as applicable, you and your owners and your spouses may not have any direct or indirect interest in any business offering (i) sells or offers to sell products the same as or similar food items to a Burrito Bar restaurant or to become a master franchisee or franchisor of any business offering <u>the type of products sold by you and your franchise in and/or from the Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar food items to Burrito Bar restaurant. to the type of services sold by you in and/or from the Territory (including, but not limited to, the services we authorize), but excludes a Master Business operating pursuant to a Master Franchise Agreement with us (“Competitive Business”) within: (i) the Territory; (ii) 20 miles of the Territory; or (iii) two (or within the Territory itself); or (ii) within 20 miles of any other Barrio Burrito Bar Business or Master Business in operation or under construction or development</u> on the effective date of termination or expiration of the Master Franchise Agreement. You must also comply with non-solicitation and non-disclosure covenants; cease use of intellectual property. Subject to applicable state law.
s. Modification of the agreement	Section 26.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	Section 26.8	Only the terms of the Master Franchise Agreement and attachments to Master Franchise Agreement are binding (subject to state law). Any representations or promises made outside this Franchise Disclosure Document and Master Franchise Agreement may not be enforceable. Nothing in the Master Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 24	Except for certain claims, all disputes must be mediated and arbitrated in Detroit, Michigan. Subject to applicable state law.
v. Choice of forum	Section 24	All disputes must be mediated, arbitrated, and if applicable, litigated in Detroit, Michigan but we and you may enforce any arbitration orders and awards in the courts of the state(s) in which you are domiciled or the Master Franchise is located, subject to applicable state law.
w. Choice of law	Section 26.1	Delaware law, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise.



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ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Alex Shtein, 1120 Finch Avenue West, Suite 301, Toronto, Ontario M3J 3H7, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of April 30 ~~in~~of each year.

Table No. 1

Systemwide Outlet Summary
For Years ~~2021-2023~~2022-2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022 2021	1	1	0
	2022 2023	1	1	0
	2023 2024	1	<u>+2</u>	<u>0+1</u>
Company-Owned	2022 2021	0	0	0
	2023 2022	0	0	0
	2023 2024	0	0	0
Total Outlets	2022 2021	1	1	0
	2023 2022	1	1	0
	2023 2024	1	<u>+2</u>	<u>0+1</u>

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years ~~2021-2023~~2022-2024

State	Year	Number of Transfers
Totals	2022 2021	0
	2023 2022	0
	2023 2024	0

Table No. 3

Status of Franchise Outlets
For Years ~~2021-2023~~2022-2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Florida Michigan	2021 2022	1 0	0	0	0	0	0	1 0
	2022 2023	1 0	0	0	0	0	0	1 0
	2023 2024	1 0	1	0	0	0	0	1
Total Michigan	2021 2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Total	2022	1	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2

Table No. 4

Status of Company-Owned Outlets
For Years ~~2021-2023~~2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Total Outlets	2021 2022	0	0	0	0	0	0
	2022 2023	0	0	0	0	0	0
	2023 2024	0	0	0	0	0	0

Table No. 5

Projected Openings as of
April 30, ~~2023~~2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado Illinois	1	1	0
Iowa Florida	1	1	0
Maryland	1	1	0
Nebraska	1	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Tennessee	<u>1</u>	<u>1</u>	<u>0</u>
Texas	1	<u>0</u> <u>1</u>	0
Virginia	<u>1</u>	<u>1</u>	<u>0</u>
Total	<u>0</u> <u>7</u>	<u>1</u> <u>7</u>	0

The names, addresses and telephone numbers of our current master franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had a Master Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending April 30, ~~2023~~2024, or who has not communicated with us within 10 weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. ~~In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the System. You may wish to speak with current and former franchisees, but know that not all such franchisees can communicate with you. During the last three years, we have not had any master franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the System. If you buy a Master Franchise, your contact information may be disclosed to other buyers when you leave the System.~~

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21 FINANCIAL STATEMENTS

Exhibit E contains the financial statements required to be included with this Franchise Disclosure Document: audited financial statements for our fiscal years ending April 30, ~~2023~~2024, April 30, ~~2022~~2023, and April 30, ~~2021~~2022. Our fiscal year end is April 30.

ITEM 22 CONTRACTS

Attached to this Franchise Disclosure Document are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

- EXHIBIT B Master Franchise Agreement
- EXHIBIT F State Addenda and Agreement Riders
- EXHIBIT G Contracts for use with the Master Franchise
- EXHIBIT H Franchisee Disclosure Questionnaire

**ITEM 23
RECEIPT**

The last pages of this Franchise Disclosure Document, EXHIBIT J, are a detachable document, in duplicate. Please detach, sign, date, and return one copy of the Receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

EXHIBIT A

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**



{00159756} BURRITO BAR

{00174536.DOC. }

[2023-2024 - 2025_Master FDD v1F]

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**

CALIFORNIA

State Administrator and Agent for Service of Process:

Commissioner
Department of Financial
Protection and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677

HAWAII

Commissioner of Securities of
the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agent for Service of Process:

Commissioner of Securities of the
State of Hawaii
Department of Commerce and
Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

MARYLAND CONTINUED

Agent for Service of Process:

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

Agent for Service of Process:

Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

Administrator:

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fourteenth Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Agent for Service of Process:

Securities Commissioner
600 East Boulevard Avenue
State Capitol, Fourteenth Floor, Dept. 414
Bismarck, ND 58505-0510

RHODE ISLAND

Department of Business Regulation
1511 Pontiac Avenue, Bldg. 68-2
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and
Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

State Administrator:

Washington Department of Financial
Institutions
Securities Division
P.O. Box 90334-1200
Olympia, WA 98507-98504-1200
(360) 902-8760

Agent for Service for Process:

Director of Department of Financial
Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Madison, WI 53703
(608) 266-3364

Rev. 012723090723

EXHIBIT B

MASTER FRANCHISE AGREEMENT



{00159756
{00174536.DOC. }
[2023--2024 - 2025 Master FDD v1F]



BARRIO BURRITO BAR

MASTER FRANCHISE AGREEMENT



Master Franchisee: _____

Date: _____

MASTER FRANCHISE AGREEMENT

THIS MASTER FRANCHISE AGREEMENT (this “Agreement”) is made and entered into as of the date set forth in Attachment A (the “Effective Date”), by and between BurritoBar USA, Inc., a Delaware corporation (“Master Franchisor”). “we”, “us” or “our”) and the “Master Franchisee” identified in Attachment A (“you” or “your”).

1. DEFINITIONS. Capitalized terms used in this Agreement are defined either in the body of this Agreement or in this Section 1. For capitalized terms that are defined in the body of this Agreement, this Section lists the Sections of this Agreement in which such terms are defined.

“Advertising Support Fee” shall have the meaning ascribed to such term in Section 5.5.

“Agencies” shall have the meaning ascribed to such term in Section 23(viii).

“Agreement” shall have the meaning ascribed to such term in the introductory paragraph to this Agreement.

“Brand Fund” shall refer to the brand development fund that you use to promote, market and advertise Barrio Burrito Bar Businesses within the Territory. The Brand Fund you administer in your Territory is contributed to only by Barrio Burrito Bar businesses within your Territory and is discrete from the brand development fund contributed to by our single unit franchisees.

“Brand Fund Contributions” shall refer to a percentage of gross sales (as such term is defined in the Franchise Agreement) paid to you by the Barrio Burrito Bar Businesses in your Territory for use in the Brand Funds.

“Barrio Burrito Bar Business” refers to a Burrito Bar restaurant.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banking institutions are authorized or required by law to close in the state where your Master Business is located.

“Claims” shall mean any and all claims, actions, demands, assessments, litigation, or any other form of regulatory or adjudicatory procedures, claims, demands, assessments, investigations, or formal or informal inquiries from any person.

“Competitive Business” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you and your franchise in and/or from the Territory (including, but not limited to, the products we authorize); (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Territory (including, but not limited to, the services we authorize), but excludes a Barrio Burrito Bar Business operating pursuant to a master franchise agreement with us; and (iii) any business that franchises or otherwise licenses businesses offering products or services similar to the items offered by a Barrio Burrito Bar Business.

“Confidentiality Agreement” shall mean our form of Confidentiality Agreement.

“Copyrights” shall mean all works and materials for which we or our affiliate has secured common law or registered copyright protection and that we allow Barrio Burrito Bar franchisees and/or master franchisees to use, sell or display in connection with the marketing and/or operation of a Barrio Burrito Bar business or operation of a Master Business, whether now in existence or created in the future.

“Development Fee” have the meaning ascribed to such term in Section 15.3.

“Development Period” refers to each discrete period of time described in the Development Schedule in Attachment A.



“Development Quota” is set forth in the Development Schedule in Attachment A and describes the number of Barrio Burrito Bar Businesses that must be open and operating during a Development Period in order for you to maintain the Standard Fee Rate and Standard Renewal Fee.

“Dispute” shall have the meaning ascribed to such term in Section 24.

“Effective Date” shall be the date set forth in Attachment A.

“Entity” shall mean a corporation, partnership, limited liability company or other association or entity.

“Franchise Agreement” shall mean a Barrio Burrito Bar franchise agreement executed by you and a franchisee (including the Operating Entity), or proposed to be executed by you and a franchisee (including the Operating Entity), for the operation of a Barrio Burrito Bar business within the Territory, the form of which must be approved by us.

“Franchise Fees” shall have the meaning ascribed to such term in Section 5.1.

“Franchise System” shall have the meaning ascribed to such term in Section 2.1(d).

“Franchisee Manual” shall mean our confidential operations manual for the operation of a Barrio Burrito Bar business.

“General Release” shall mean our current form of general release of all claims against us and our affiliates and subsidiaries, and our and their respective members, officers, directors, agents and employees, in both their corporate and individual capacities.

“Governmental Authority” means, in any applicable portion of the Territory or other jurisdiction, any federal, provincial, state, territorial or local government, any governmental, regulatory or administrative authority, agency or commission or any court or tribunal or arbitral body.

“Gross Sales” shall refer to the definition of gross sales set forth in the Franchise Agreements you enter into with Barrio Burrito Bar franchisees in your Territory.

“Improvements” shall have the meaning ascribed to such term in Section 19.6.

“Indemnified Parties” shall mean us and each of our past, present and future owners, members, officers, directors, employees and agents, as well as our parent companies, subsidiaries and affiliates, and each of their past, present and future owners, members, officers, directors, employees and agents.

“Inspection Reports” shall have the meaning ascribed to such term in Section 12.4.

“Intellectual Property” shall mean, collectively or individually as the case may be, the Marks, Know-How, Copyrights, Franchise System, Operating System and Improvements.

“Interim Term” shall have the meaning ascribed to such term in Section 6.3.

“Know-how” means all of our trade secrets and other proprietary information relating to the development, construction, marketing and/or operation of a Barrio Burrito Bar business and/or Master Business, including, but not limited to, methods, techniques, drawings, specifications, procedures, policies, marketing strategies and information comprising the Franchise System, Operating System, Franchisee Manual and Master Franchisee Manual.

“Law” means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

“Local Taxes” shall have the meaning ascribed to such term in Section 5.8.

“Losses and Expenses” means, without limitation, all compensatory, exemplary, and punitive damages; lost



profits; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against Claims; settlement amounts; judgments; compensation for damages to the indemnified party's reputation and goodwill; and all other costs, damages, liabilities, losses, charges, and expenses associated with any of the foregoing losses and expenses or incurred by the indemnified party as a result of a Claim.

"Managing Owner" shall mean the individual set forth in Attachment B.

"Marks" shall have the meaning ascribed to such term in Section 2(c).

"Master Business" shall mean the business of offering, selling, developing, servicing and supporting Barrio Burrito Bar franchises in a specified geographical territory.

"Master Franchisee Manual" shall have the meaning ascribed to such term in Section 14.1.

"Master Franchise Rights" shall mean the right and obligation to offer, sell, develop, service and support Barrio Burrito Bar franchises in a specified geographical territory.

"Master Franchisee Manual" shall have the meaning ascribed to such term in Section 14.1.

"Material Communications" shall have the meaning ascribed to such term in Section 12.5.

"Modified Fee Rate" refers to the fees equal to 75% of Royalty Fees and 75% of Franchisee Fees that will apply in any Development Period after your first Development Period where you have failed to meet the preceding Development Period's Development Quota.

~~"Modified Renewal Fee" shall have the meaning ascribed to such term in Section 6.1. "Modified Renewal Fee" refers to the renewal fee for a Successor Agreement if you have met the Minimum Quota but not the Development Quota as of the expiration of the Term. The Modified Renewal Fee is equal to 83% of the Development Fee.~~

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"Minimum Qualifications" shall have the meaning ascribed to such term in Section 10.3.

"Minimum Quota" is set forth in the Development Schedule in Attachment A and describes the minimum number of Barrio Burrito Bar ~~Businesses~~ businesses to be open and operating during a Development Period.

"Noncompetition Agreement" shall mean our form of Nondisclosure, Non-solicitation and Noncompetition Agreement.

"Offering Document" shall have the meaning ascribed to such term in Section 10.4.

"Operating Entity" shall have the meaning ascribed to such term in Section 10.7.

"Operating System" shall have the meaning ascribed to such term in Section 2(b).

"Owner" shall include all individuals that directly or indirectly hold any equity interests and/or voting interest in the master franchisee Entity at any time during the Term.

"Permitted Transfer" shall mean: (i) a Transfer from one Owner to another Owner who was an approved Owner prior to such Transfer, other than a Transfer by an Owner who is the Managing Owner that results in the Managing Owner holding less than a 1% ownership interest in the master franchisee Entity; and/or (ii) a Transfer to a newly established Entity for which the Owners collectively own and control 100% of the ownership interests and voting power.

"Post-Term Restricted Period" shall mean a period of two (2) years after the termination, expiration or Transfer of this Agreement or two (2) years after the Transfer of an ownership interest by an Owner, as



applicable.

“Primary Business” shall have the meaning ascribed to such term in Section 10.7.

“Prohibited Activities” shall have the meaning ascribed to such term in Section 15.3.

“Renewal Development Schedule(s)” refers to the Development Schedules that will apply if Master Franchisee enters into Successor Agreements.

“Renewal Term 1” refers to the first five renewal term following the expiration of your first Master Franchise Agreement.

“Renewal Term 2” refers to the second five renewal term following the expiration of the Successor Agreement for Renewal Term 1.

“Royalty Fees” shall have the meaning ascribed to such term in Section 5.2.

“Security Deposit” shall have the meaning ascribed to such term in Section 5.4.

“Software Solutions” shall have the meaning ascribed to such term in Section 14.4.

“Standard Fee Rate” refers to the fees equal to 50% of Royalty Fees and 50% of Franchisee Fees that will apply during your first Development Period and any Development Period where you have met the preceding Development Period’s Development Quota.

~~“Standard Renewal Fee” refers to the Renewal Fee due if you shall have the meaning ascribed to such term in Section 6.1 met the Development Quota as of the expiration of the Term. The Standard Renewal Fee is equal to 28% of the Development Fee.~~

“Successor Agreement” shall have the meaning ascribed to such term in Section 6.1.

“Term” shall have the meaning ascribed to such term in Section 6.1.

“Territory” shall have the meaning ascribed to such term in Section 2(d).

“Transfer” shall mean any direct or indirect, voluntary or involuntary (including by judicial award, order or decree), assignment, sale, conveyance, subdivision, sublicense or other transfer or disposition of the master franchise (or any interest therein) or an ownership interest in an Entity that is the master franchisee, including by merger or consolidation, by issuance of additional securities representing an ownership interest in the Entity that is the master franchisee, or by operation of law, will or a trust upon the death of an Owner (including the laws of intestate succession).

2. PREAMBLES.

(a) We grant franchises for the operation of Barrio Burrito Bar businesses that serve grilled burritos, quesadillas, tacos, nachos, salads, and other food and beverage products and related services.

(b) We have developed a system for the operation of Barrio Burrito Bar businesses, the distinctive characteristics of which include logo, trade secrets, concept, specialized equipment, trade dress, confidential operations manuals and operating system (the “Operating System”).

(c) Barrio Burrito Bar businesses utilize certain logos, trade dress, service marks, and trademarks, including “Barrio Burrito Bar” that are owned by us or our affiliates (together with any other logos, trade dress, service marks or trademarks we authorize you to use in the future, the “Marks”).



(d) We desire to increase the number of franchised Barrio Burrito Bar businesses and establish an administrator of our franchise system (the “Franchise System”) within the territory described in Attachment A (your “Territory”).

(e) You desire to represent us as an independent contractor to (i) offer, sell, develop, service and support Barrio Burrito Bar franchises in the Territory and (ii) implement and support the Franchise System in the Territory, and we are willing to grant you such rights upon the terms and conditions set forth in this Agreement.

3. GRANT OF RIGHTS. Subject to the provisions of this Agreement, and solely during the Term, we hereby grant to you, and you hereby accept: (i) Master Franchise Rights limited to the Territory, authorizing you to offer, sell, develop, service and support Barrio Burrito Bar franchises solely within the Territory on an exclusive basis; and (ii) a license to use the Marks, the Franchise System and the Operating System solely in connection with the activities contemplated by this Agreement, including the sublicensing of the Marks and the Operating System pursuant to the terms and conditions of the Franchise Agreements. The grant and license provided in this Section authorizes you to grant subfranchises and sublicense the Marks and Operating System pursuant to the terms and conditions of this Agreement and the form of Franchise Agreement that we approve. The Master Franchise Rights will be subject to compliance with the terms and conditions of this Agreement, including without limitation, your compliance with the development schedule set forth in Attachment A to this Agreement.

4. TERRITORIAL PROTECTIONS.

4.1. Exclusive Rights. For the duration of the Term, we will not: (i) grant Master Franchise Rights to any other person for the Territory; (ii) offer or sell, or grant rights to third parties to offer or sell, Barrio Burrito Bar franchises in the Territory; or (iii) develop and operate, either directly or indirectly through one or more affiliates, Barrio Burrito Bar businesses in the Territory. We reserve all rights not expressly granted to you. We retain all territory rights (for ourselves and our affiliates) not expressly granted to you. We may use the Marks or the System to sell any products or services similar to those which you will sell through any alternate channels of distribution within or outside of the Territory. As a master franchisee, you may promote the franchise opportunity through approved online channels only in accordance with our social media policy which may be contained in the Manuals and updated from time to time. You are not permitted to market or sell franchises through alternative channels of distribution without our approval. You are only permitted to market the sale of franchises inside your Territory, and all Barrio Burrito Bar businesses that you sell and support must be located within your Territory.

5. FEES AND EXPENSES.

In addition to the payment of any other fees and costs that you are required to pay under the terms of this Agreement, you agree as follows:

5.1. Franchise Fees. You agree to pay us, upon receipt, a defined percentage of all initial franchise fees, transfer fees, ~~or~~ renewal franchise fees, and other fees we permit you to charge the Barrio Burrito Bar businesses in your Territory (collectively, “Franchise Fees”) paid by all Barrio Burrito Bar businesses in the Territory pursuant to the applicable Franchise Agreement. During your first Development Period and in any Development Period where you maintained your Development Quota in the prior Development Period, you will pay us the Standard Fee Rate for Franchise Fees. If you fail to meet your Development Quota but meet your Minimum Quota, you will pay us the Modified Fee Rate



for Franchisee Fees until you meet or exceed the Development Quota due for the previous Development Period. You acknowledge and agree that you may not charge any fees to Barrio Burrito Bar businesses except for those set forth in our then-current form of unit franchise agreement unless you obtain our written consent, which will grant in our sole discretion.

5.2. Royalty Fees. With respect to each Barrio Burrito Bar business within the Territory, you agree to pay to us, on a weekly basis, a defined percentage of the royalty fees payable pursuant to the applicable Franchise Agreement (“Royalty Fees”). The Royalty Fees are due on ~~the~~ Tuesday of each week unless we specify otherwise in writing. During your first Development Period and during any Development Period where you maintained your Development Quota in the prior Development Period, you will pay us the Standard Fee Rate for Royalty Fees. If you fail to meet your Development Quota but meet your Minimum Quota, you will pay us the Modified Fee Rate for Royalty Fees until you meet or exceed the Development Quota due for the previous Development Period. This fee shall be due and payable on Tuesday of each week for royalty fees due and payable for the preceding week. You are required to pay us such fee for Barrio Burrito Bar businesses operated by third party franchisees as well as Barrio Burrito Bar businesses operated by the Operating Entity. It is expressly understood that you are obligated to collect any past due fees. You must pay us our Royalty Fee for each Barrio Burrito Bar business regardless of whether you actually collect any fees from such business. If you cannot determine the amount of the royalty fee of a Barrio Burrito Bar business by Tuesday of each week, you agree to pay to us on that date an amount equal to the combined average weekly royalty fee paid under the applicable Franchise Agreement for the previous three-month period. At such time as you are able to determine the actual amount of the royalty fee due by the Barrio Burrito Bar business, you or we will pay to the other within five business days any difference between the amount due and the amount paid by you.

5.3. Development Fee. You must pay a development fee (“Development Fee”) upon the signing of this Agreement as consideration for the Territory. The amount due and payment terms are described in Attachment A of this Agreement. If paid in a lump sum, the Development Fee is fully earned upon signing this Agreement, and is non-refundable under any circumstances. If paid in installments, each installment is earned and non-refundable once paid and your failure to make any installment payment will be grounds for termination of this Agreement.

5.4. Security Deposit. If your Development Fee exceeds \$150,000, you must pay a security deposit (“Security Deposit”) upon the signing of this Agreement. The Security Deposit will be used to offset any amounts that you owe to us. If we use any part of the Security Deposit, you must replenish these amounts within 30 days. The amount due for your Security Deposit is described in Attachment A of this Agreement. The Security Deposit will be refundable in multiple installments as follows: (i) half of the Security Deposit will be refunded when you have opened 10% of the Barrio Burrito Bar Businesses~~businesses~~ required to be open under your Development Schedule; and (ii) the other half of the Security Deposit will be refunded when you have opened 40% of Barrio Burrito Bar Businesses~~businesses~~ required to be open under your Development Schedule. If this Agreement is terminated then the Security Deposit is deemed fully earned by us and is not refundable and we will retain the balance of the Security Deposit. You acknowledge and agree that no interest will accrue on the Security Deposit.

5.5. Brand Fund Contributions. You will collect contributions from Barrio Burrito Bar Businesses~~businesses~~ within your Territory that will be contributed to the Brand Fund. Your franchise agreement with your Barrio Burrito Bar franchisees must provide that the Barrio Burrito Bar franchisees



in your Territory will pay a Brand Fund Contribution equal to 1.5% of gross sales generated by each Barrio Burrito Bar Business; provided that you must reserve the right to increase the Brand Fund Contribution to 2.5% of Gross Sales. A franchisee's gross sales will be determined based on the definition of gross sales or gross revenue used in our then-current single unit Franchise Disclosure Document, and such definition shall be incorporated into your franchise agreements. Each franchisee in your Territory will be required to pay the Brand Fund Contribution to you under the terms of your Franchise Agreements. You will pay us 33.3% of the Brand Fund Contributions you collected in the previous week each Tuesday during the Term ("Advertising Support Fee"), which we will use to develop advertising materials, cover our costs and expenses ~~for~~, including administrative expenses, in providing advertising and marketing consulting and support to you, and/or otherwise provide advertising and marketing services within your Territory. We reserve the right to require that you increase the Brand Fund Contribution to up to 2.5% of your franchisee's gross sales upon 30 days' written notice, and you are required to increase the amount for your franchisees' Brand Fund Contribution upon 30 days' notice from us. You acknowledge and agree that the Brand Fund we administer in your Territory is discrete from the Brand Fund that we administer for our single unit franchisees.

5.6. 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.

5.7. 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.

5.8. 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.

5.9. 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.

5.10. 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 to us 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.



5.11. 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.

5.12. CPI Adjustments to Fixed Fees. 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, 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 fee adjustment during any calendar year. Notwithstanding the forgoing, 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 ~~and/or Development 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 ~~Standard Renewal Fee or Modified Renewal Fee as determined based in your compliance with the Development Quota and/or Minimum Quota~~ 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~~ 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 and/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 be treated either as: (i) expired as of the date of the expiration with you then operating without a franchise to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the “Interim Term”) until either party provides the other party with 30 days’ prior written notice of the party’s intention to terminate the Interim Term. In the latter case, all of your obligations will remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations and restrictions imposed on you and your Owners upon the expiration or termination of this Agreement will be deemed to take effect upon the termination of the Interim Term.

7. **MANAGEMENT AND STAFFING.**

7.1. Owner Participation. You acknowledge that a major requirement for the success of your Master Business is the active, continuing, and substantial personal involvement and hands-on supervision by your Managing Owner. At a minimum, the Managing Owner must ensure that your Master Business is operated in accordance with this Agreement and the Master Franchisee Manual. Except as otherwise provided in Section 7.2, the Managing Owner must participate personally and substantially in the management of the Master Business and dedicate his or her full-time efforts to the Master Business. You may not permit a transfer of all or any portion of the Managing Owner’s responsibilities to a substitute Managing Owner at any time during the Term without our prior written consent, which we will not unreasonably withhold. Any substitute Managing Owner that we approve after opening must successfully complete the initial training program. The Managing Owner (or a substitute Managing Owner) must own and control not less than 51% of the ownership interests and voting rights in the master franchisee Entity.

7.2. Managers. Notwithstanding Section 7.1, you may hire one or more managers to assist the Managing Owner with the day-to-day management and supervision of your Master Business provided that the managers sign a Noncompetition Agreement and confidentiality agreement. You agree to provide us with all information that we request regarding any person you propose to hire as a manager. If you hire an approved manager, the Managing Owner will not be required to dedicate full time efforts



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to your Master Business. However, the Managing Owner will be responsible for supervising the activities of the managers to ensure that they adequately fulfill your obligations under this Agreement and the Master Franchisee Manual.

7.3. Employees. You must hire, train, and supervise honest, reliable, competent and courteous employees for the operation of your Master Business. You must employ (or retain on an independent contractor basis) franchise salespersons, field consultants and other staff necessary to perform all activities contemplated by this Agreement. You must ensure that all of your staff maintain any required licenses, certifications or other credentials that are necessary to offer or sell franchises. You must pay all wages, commissions, benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law) due for your employees. These employees will be employees of yours and not of ours. You must ensure that a sufficient number of trained employees are available to meet the operational standards of your Master Business and provide adequate levels of support to franchisees at all times. You may give your employees only the minimum amount of information from the Master Franchisee Manual that is necessary to enable them to perform their assigned tasks. You must ensure that your employees do not make or retain copies of the Master Franchisee Manual or any portion thereof. We do not control the day-to-day activities of your employees or the manner in which they perform their assigned tasks. We also do not control the hiring or firing of your employees. All of your employees and other agents or representatives who may have access to our confidential information must sign a confidentiality agreement in a form we approve or specify.

7.4. Owners. By executing this Agreement, each Owner also agrees to be personally bound by all obligations specifically imposed upon an Owner under this Agreement, except that any obligation specifically imposed upon the Managing Owner (as opposed to Owners generally) shall not be applicable to any Owner other than the Managing Owner. Each owner shall also personally guaranty the master franchisee's payment of amounts owed under this Agreement. If you are an entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign an "Owners Agreement" guarantying the obligations of the entity, which is attached to this Agreement as Attachment "C".

8. MASTER FRANCHISEE AS ENTITY. If the master franchisee is an Entity, you agree to provide us with a list of all of the Entity's Owners in Attachment B of this Agreement. Upon our request, you must provide us with a resolution of the Entity authorizing the execution of this Agreement, a copy of the Entity's organizational documents and a current Certificate of Good Standing (or the functional equivalent thereof). You represent that the Entity is duly formed and validly existing under the Laws of its state of incorporation. The Entity's organizational documents must incorporate the transfer restrictions set forth in this Agreement as they pertain to a transfer of an interest in the Entity.

9. FRANCHISOR TRAINING; COMMENCEMENT OF OPERATIONS. All training that we provide will be conducted remotely or at a training center developed by us. We may, but are not obligated to, provide on-site, refresher or additional training as we may deem necessary. You may request that we provide additional training, although we are not obligated to do so. You (if you are an individual) or your Managing Owner (if you are a legal entity) will also be required to attend and complete the initial training program for ~~Burrito Bar businesses.~~ Barrio Burrito Bar businesses. We reserve the right to vary the length and content of the initial training program as we deem appropriate in our sole discretion based on the experience of the attendee. We shall determine the scheduling, exact duration, contents and manner of the initial training program in our discretion and may delay your attendance until a suitable time in our discretion. You or your Managing Owner (if applicable) must attend, at your expense, every seminar,



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convention, continuing development program, or regional or national meeting presented by us. If you request that we provide you with additional training, you must reimburse us for all travel, meals and lodging expenses we incur providing this training. You or your Managing Owner (if applicable) must complete the Initial Training Program not less than seven days before your Master Business opens for business. You must commence operations of the Master Business within six months of entering into this Agreement. Unless we waive the requirement that you operate a Primary Business, you must open your Primary Business within the timeframe set forth in our then-current Franchise Disclosure Document.

10. FRANCHISE SALES AND DEVELOPMENT.

10.1. Development Obligations. You agree to solicit, screen, recruit, sell, develop, service and support Barrio Burrito Bar businesses in the Territory. Unless we agree to the contrary, you must directly own and operate at least one Barrio Burrito Bar business during the term of this Agreement and utilize this location for training your franchisees. You shall be permitted to terminate or otherwise close one Barrio Burrito Bar Business during each Development Period and such closure shall not be deemed as a default under your Development Schedule (“Excused Default”). If you do not use the Excused Default in any Development Period, such Excused Default shall rollover and may be used in any subsequent Development Period. For the avoidance of doubt, we will not have grounds to terminate your Franchise Agreement if multiple Barrio Burrito Bar Businesses close during a Development Period, so long as you have additional Excused Defaults that were unused during a prior Development Period in excess of the number of closures and you still meet your Minimum Quota. Any Barrio Burrito Bar Business opened over and above the number required under the Development Quota for the then-current Development Period shall be counted towards the subsequent Development Period. Notwithstanding the foregoing, if one or more Barrio Burrito Bar Business within your Territory closes and such closure means that you are no longer in compliance with your Minimum Quota, we shall have the right to terminate this Agreement.

10.2. Franchise Solicitations and Representations. You may not make any representation to any prospective franchisee about us, you, the franchise, or otherwise, that is: (i) misleading, incomplete, fraudulent or untrue; or (ii) contradicted by the written material provided to such prospect, including any Offering Document. You must ensure that all franchise marketing efforts conducted by you or under your direction are conducted in a courteous, dignified, ethical and responsible manner. You may hire the services of third-party brokers or lead generation companies to assist you in soliciting prospective franchisees. However, you are solely responsible for all brokerage fees and other fees you must pay these companies. You must ensure that any representatives of these companies that speak with prospective franchisees obtain all required licenses and broker registrations (if any) that are necessary to perform services on your behalf.

10.3. Screening Franchisees. You must screen all prospective franchisees to ensure that they meet our minimum qualifications and requirements (the “Minimum Qualifications”). We may revise the Minimum Qualifications from time to time in our sole discretion. As part of your investigative responsibilities, you are required to review credit reports, check references and conduct background investigations, including a review of employment and criminal records.

10.4. Offering Document.

(a) *Preparation.* You are responsible for preparing, and when necessary, registering any disclosure document required by applicable Law in connection with the offer and sale of franchises in the Territory (an “Offering Document”). You must engage counsel to review and



ensure that the Offering Document complies with applicable Law and the Franchise Agreement and ancillary agreements are enforceable and lawful under applicable Law. Your counsel must have substantial expertise in franchise law. You are solely responsible for all costs and expenses that you incur in complying with your obligations under this Section 10.4. The Franchise Agreement must include terms and conditions that are substantially similar to the then-current terms and conditions of the Barrio Burrito Bar single unit Franchise Agreement.

(b) *Franchisor Assistance.* We agree to provide you with information pertaining to us, the Franchise System and the Operating System that you reasonably request for purposes of including such information within the Offering Document.

(c) *Updates.* Throughout the Term, you agree to update all information contained in the Offering Document in the time and manner required by applicable Law. You must obtain the approval of your counsel of any changes or updates to the Offering Document. You also agree to promptly notify us of any changes or updates to the Offering Document and seek our approval of the revised Offering Document prior to use, which approval will not be unreasonably withheld or delayed.

(d) *Franchisor Approval.* You may not provide or make available to any third party any Offering Document that has not been approved by us in writing and approved by your counsel. You agree to obtain our approval of all updates or changes to the Offering Document prior to use. You understand and agree that our review and approval of the Offering Document does not constitute a legal review and we shall not review the Offering Document for purposes of determining whether it complies with applicable Law.

(e) *Disclosure Procedure.* You are responsible for delivering the Offering Document to each prospective franchisee in the time and manner required by applicable Law.

(f) *Minimum Standards.* Any Franchise Agreement shall, at a minimum, provide that:

i. The location of your franchisee's Barrio Burrito Bar Businessbusiness shall meet our standards and specifications;

ii. The location of your franchisee's Barrio Burrito Bar Businessbusiness is in compliance with the terms and conditions of his or her Franchise Agreement, which includes meeting our territorial specifications;

iii. Your franchisee or its designated manager shall successfully complete your training program(s) or our training program(s), if applicable, prior to opening or operating a Barrio Burrito Bar Businessbusiness;

iv. You shall provide the franchisee with the system standards and Franchisee Manual, and modifications made thereto from time to time in the territory;

v. Your franchisee or its designated manager shall utilize, implement and operate the Barrio Burrito Bar Businessbusiness in compliance with the system standards and Franchisee Manual, as the same are modified from time to time in the Territory;



vi. Your franchisee or its designated manager shall be entitled to receive ongoing training from you on the terms reasonably developed by you and from us on terms substantially identical to those found in Section 4.3.2;

vii. Subject to and upon the same terms and conditions found in this Agreement, your franchisee may use the Marks, and shall assign all of its rights, title and interest in any trademarks, processes or ideas related to the Barrio Burrito Bar Business to us, and shall require its employees to do likewise;

viii. Your franchisee shall be required to use approved products and may not manufacture or have manufactured on its behalf any products bearing the Marks;

ix. We or our designee and you shall have the right to inspect, audit and conduct sales surveys of your franchisee's Barrio Burrito Bar Business;

x. Your franchisee or any of the owners of a franchised Barrio Burrito Bar Business shall not be permitted to acquire an interest in any other Competitive Business;

xi. The owners of your franchises shall be prohibited from transferring any rights they have in the Franchise Agreement without your prior written consent;

xii. You shall not transfer any rights you have in any Franchise Agreement; provided, however, that if this Agreement is terminated for any reason, your rights in the Franchise Agreement may be assigned to us or our designee;

xiii. The term of the Franchise Agreement shall not exceed the term of this Agreement, including any successor agreement;

xiv. The Franchise Agreement may be terminated, when in the judgment of you or we, your franchisee is in violation of any of its obligations under the Franchise Agreement; and you will take such legal action to terminate or enforce compliance with any terms of the Franchise Agreement when directed by us;

xv. The Franchise Agreement shall terminate for reasons substantially similar to those found in Section 22 of this Agreement;

xvi. Upon termination of the Franchise Agreement, you, we and your franchisee shall have rights substantially similar to those found in Section 22 and 23 of this Agreement;

xvii. Your franchisee shall indemnify both us and you on terms substantially similar to those found in Section 20 of this Agreement;

xviii. Your franchisee shall be subject to confidentiality and noncompetition provisions similar to those found in Sections 15 and Attachment "C" of this Agreement; and



xix. Your franchisee shall operate the Barrio Burrito Bar Business in compliance with all applicable laws, rules, and regulations in the territory, as the same may be amended from time to time.

10.5. Franchise Sales.

(a) *Generally.* If you believe that a prospective franchisee meets our Minimum Qualifications and you desire to proceed with the sale, you agree to promptly notify us of this fact. You agree to provide us with all information that we reasonably request pertaining to any prospective franchisee. At all times, we shall have the right, but not the obligation, to meet with prospective franchisees, and you agree to cooperate with us and help facilitate any such meeting. You understand that it is your responsibility to be aware of and comply with all applicable Laws governing the offer and sale of franchises in the Territory.

(b) *Franchise Agreements.* In connection with the sale of Barrio Burrito Bar franchises, you agree to use the form of Franchise Agreement that we approve in order to protect the integrity of the brand. We will not be a party to any Franchise Agreement although each Franchise Agreement shall provide that we are an intended third-party beneficiary with the right to enforce such Franchise Agreement. You must engage franchise counsel to review your form of Franchise Agreement to ensure its enforceability under local Law. The Franchise Agreements ~~should~~ shall contain fees and other material terms that are set forth in our single unit Franchise Disclosure Document.

(c) *Modifications.* You may negotiate modifications to the Franchise Agreement for a particular transaction, but all such modifications must be approved by us prior to your execution of the agreement. We will not unreasonably withhold or delay our approval of any modifications that you propose. We will not approve any modification if, in our sole judgment, the modification is potentially harmful to the Franchise System, the Operating System, the Marks or the goodwill associated with the Marks. You may not charge franchisees any fees or amounts that are not set forth in our then-current form of Franchise Agreement without our written consent and in our sole discretion, and we may condition our consent upon us receiving payment.

(d) *Executed Agreements.* Within ten (10) days after execution, you agree to send us a copy of each fully executed Franchise Agreement and all ancillary documents, including all modifications or amendments to such agreements.

10.6. Registrations and Business Opportunity Exemptions. At all times you must comply with all franchise and business opportunity registration and/or exemption requirements. To the extent applicable, you must maintain a valid registration and/or exemption from registration in each state within the Territory that requires a franchise or business opportunity registration or exemption in order to offer and sell franchises.

10.7. Company Owned Franchises. Unless we agree otherwise in writing, you must establish a separate Entity that: (i) is controlled by or under common control with you; (ii) enters into a Franchise Agreement with you and operates the Barrio Burrito Bar business; and (iii) conducts no business other than the Barrio Burrito Bar business authorized by the Franchise Agreement (the “Operating Entity”). Unless otherwise agreed in writing, the Operating Entity must operate at least one Barrio Burrito Bar Business that will be used as a training facility (“Primary Business”). Any default by the Operating Entity that is not cured within the applicable cure period shall constitute a



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default under this Agreement by you (we may declare a default against the Operating Entity if you fail or refuse to do so and it shall have the same effect as a default notice issued by you). Upon the expiration or termination of this Agreement, the Operating Entity may continue to operate the Barrio Burrito Bar businesses pursuant to the Franchise Agreements provided that the Operating Entity is not otherwise in default under the terms of the Franchise Agreements. For the avoidance of doubt, the Parties acknowledge and agree that you may operate Barrio Burrito Bar businesses through multiple Operating Entities, so long as each respective Operating Entity enter into a Franchise Agreement with you.

11. TRAINING FRANCHISEES. You will be responsible for training all franchisees in your Territory and procuring all materials used in connection with such training. You agree to offer and provide any and all training programs that we request, including initial training, refresher training, advanced training, remedial training, continuing education manager training and/or on-site training. You agree to utilize the Primary Business or any other business owned by the Operating Entity, or make arrangements with one or more franchisees to utilize their business, as the training facility. The training facility must be approved by us and meet our minimum standards and you agree to upgrade the training facility at your sole cost and expense if we require you to offer new or different forms of training. You agree to offer the initial training program on a basis sufficient to meet your Development Obligations and comply with the opening timelines set forth in the Franchise Agreements. All travel, meals, lodging and other expenses incurred by the franchisees in attending such training shall be borne by the franchisees. Upon your request and at no additional charge, we will provide you with ongoing guidance and assistance relating to your training obligations.

12. SUPPORTING, SERVICING AND MONITORING FRANCHISEES.

12.1. Generally. You agree to comply with all of your obligations under the Franchise Agreements and to enforce the provisions of the Franchise Agreements against franchisees that fail to comply with their obligations under such agreements. You will be solely responsible for monitoring the development and operational aspects of all franchisees in the Territory to whom you sell a franchise, and providing all guidance, support and other assistance that is required of you pursuant to the terms of the Franchise Agreement. You agree to provide prompt, courteous and reliable service to the franchisees and to generally promote the Barrio Burrito Bar brand within the Territory.

~~**12.2.1.1. Marketing and Advertising Ongoing Support.** You shall provide franchisees with all assistance and services that we reasonably request from time to time in connection with: (i) facility selection; (ii) developing and equipping Burrito Bar businesses; (iii) sales and marketing support; (iv) operational and quality control issues; (v) the sourcing of equipment, fixtures, furnishings, inventory and supplies; and (vi) the closure, relocation, renewal and transfer of Burrito Bar businesses.~~

~~**12.3.1.1. Inspections and Enforcement.** You agree to conduct a thorough and complete inspection and evaluation of each Burrito Bar business in the Territory on at least an annual basis in accordance with the standards and procedures that we prescribe from time to time; provided, however, that you agree to conduct inspections on a more frequent basis (as often as may reasonably be necessary or prudent) with respect to any Burrito Bar business that is underperforming and/or in default of the Franchise Agreement. In connection with such inspections, you will prepare and submit to us reports containing all information that we reasonably require within the period of time that we specify (the "Inspection Reports").~~

~~**12.4.1.1. Material Communications.** You agree to send us copies of all correspondence and other communications between you and the franchisees relating to (i) any breach or alleged breach~~



~~of the terms or conditions of a Franchise Agreement, (ii) the potential termination or expiration of a Franchise Agreement and (iii) any other communication that is material to the franchise relationship (collectively, “Material Communications”). You agree to prepare a written memorandum of all verbal Material Communications (which may be in the form of an email). You agree to send us all Material Communications, or written memoranda thereof, within five (5) days after such Material Communication is made to or from the franchisee.~~

~~**12.5.1.1. Support Services Fee.** If we provide any training or other support services to you or any Burrito Bar businesses that you were required to provide under this Agreement, you will pay us our then-current fee (which includes a minimum fee amount per day), plus all travel, lodging and living expenses for our personnel upon demand.~~

~~**13.1. MARKETING.**~~

~~**13.1.12.2. Generally.** You agree to participate in all promotional and marketing activities that we require from time to time at your cost, and that we may establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions as allowed by applicable law. You may be required to establish, maintain and administer advertising programs or facilitate the establishment of advertising cooperatives for the benefit of all franchisees within your Territory. All advertisements and promotions that you create or use must be completely factual and conform to the highest standards of ethical advertising and comply with all applicable Laws. You must ensure that your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You agree to use commercially reasonable efforts to market and promote: (i) the Barrio Burrito Bar brand and Barrio Burrito Bar businesses within the Territory; and (ii) the Barrio Burrito Bar franchise opportunity. You must expend the required amount on approved advertising activities promoting the sale of franchises within the Territory or otherwise soliciting prospective franchisees, including, without limitation, use of third-party brokers and/or sales consultants. You agree to expend at least: (i) \$3,000 per month during the first twelve months of the Term; and (ii) \$2,500 per month for the remainder of the Term. For the avoidance of the doubt, any Brand Fund Contributions you expend within the Territory will not be considered to satisfy your obligations under this Section ~~13.1.12.2~~, and no portion of the Brand Fund Contributions shall be spent promoting or marketing the availability of franchises or otherwise advertising franchise opportunities within the Territory. We will measure your compliance with the advertising requirement set forth in this Section ~~13.1.12.2~~ on a rolling twelve month-basis, meaning that as long as your average monthly expenditure on local advertising over the twelve-month period equals or exceeds the applicable minimum monthly amount, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. If you fail to spend the required amount within the applicable period, we may terminate if you do not cure this default by expending the additional amounts required to comply with this Section within 30 days.~~

~~**12.3. Ongoing Support.** You shall provide franchisees with all assistance and services that we reasonably request from time to time in connection with: (i) facility selection; (ii) developing and equipping Barrio Burrito Bar businesses; (iii) sales and marketing support; (iv) operational and quality control issues; (v) the sourcing of equipment, fixtures, furnishings, inventory and supplies; and (vi) the closure, relocation, renewal and transfer of Barrio Burrito Bar businesses. You agree to collect any fees that each Burrito Bar business in the Territory owes to us on our behalf and to remit those payments to us in accordance with our directives and any policies set forth in the Master Franchisee Manual.~~



12.4. Inspections and Enforcement. You agree to conduct a thorough and complete inspection and evaluation of each Barrio Burrito Bar business in the Territory on at least an annual basis in accordance with the standards and procedures that we prescribe from time to time; provided, however, that you agree to conduct inspections on a more frequent basis (as often as may reasonably be necessary or prudent) with respect to any Barrio Burrito Bar business that is underperforming and/or in default of the Franchise Agreement. In connection with such inspections, you will prepare and submit to us reports containing all information that we reasonably require within the period of time that we specify (the “Inspection Reports”).

12.5. Material Communications. You agree to send us copies of all correspondence and other communications between you and the franchisees relating to (i) any breach or alleged breach of the terms or conditions of a Franchise Agreement, (ii) the potential termination or expiration of a Franchise Agreement and (iii) any other communication that is material to the franchise relationship (collectively, “Material Communications”). You agree to prepare a written memorandum of all verbal Material Communications (which may be in the form of an email). You agree to send us all Material Communications, or written memoranda thereof, within five (5) days after such Material Communication is made to or from the franchisee.

12.6. Support Services Fee. If we provide any training or other support services to you or any Barrio Burrito Bar businesses that you were required to provide under this Agreement, you will pay us our then-current fee (which includes a minimum fee amount per day), plus all travel, lodging and living expenses for our personnel upon demand.

13. MARKETING.

13.2.13.1. Approval of Advertising. We have the right to review and disapprove of any advertising and promotional materials that we did not prepare or previously approve (including materials that we prepared and you or a franchisee modifies). You may not use any advertising or promotional materials that we have disapproved (including materials that we previously approved and later disapprove). Similarly, we have the right to review and disapprove of any advertising materials used by franchisees within the Territory. You agree to provide us with copies of all such advertising and promotional materials for our review.

13.3.13.2. Online Marketing. You may market the franchise opportunity and Barrio Burrito Bar businesses only through approved media channels, including social media, in accordance with our advertising policies. We may require that you utilize our designated supplier for social media or other marketing services we require or allow. You may not maintain any website, conduct e-commerce, or otherwise maintain a presence or advertise on the Internet (other than through social media outlets, if approved) or any other public computer network in connection with your Master Business except as we specifically approve. We will not unreasonably withhold our approval of a website you propose. If we approve the website, you agree to submit to us for approval before use true and correct printouts of all website pages you propose to use with your website. You understand and agree that our right of approval of all such website materials is necessitated by the fact that such website materials will include and be inextricably linked with the proprietary Marks. You may only use material that we have approved. Your website must conform to all of our website requirements, whether set forth in the Master Franchisee Manual or otherwise. You agree to provide all hyperlinks or other links that we require. You may not use any of the proprietary Marks at your website except as we expressly permit. You may not post any of our proprietary, confidential or copyrighted material or information on the website without our prior



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written permission. If you wish to modify an approved website, all proposed modifications must also receive our prior written approval. You explicitly understand that you may not post on a website any material in which a third party has any direct or indirect ownership interest (including, without limitation, video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image which any third party may claim intellectual property rights in). If we grant approval, you agree to list on the website any website maintained by us, and any other information we require in the manner we dictate. You agree to obtain our prior written approval for any Internet domain name and/or home page address. The requirement for our prior approval set forth in this Section 13.2 will apply to all activities on the internet or other communications network to be conducted by you, except that you may maintain one or more email addresses and may conduct individual email communications without our prior written approval.

13.4.13.3. Brand Fund. You will collect a percentage of the revenue collected from Barrio Burrito Bar Businesses to be used for (i) advertising conducted by you in accordance with this Section 13.4 and the Master Franchisee Manual; and (ii) advertising conducted by us. You are required to pay the 33.3% of the Brand Fund Contributions you collect from your franchisees to us on a weekly basis as an Advertising Support Fee. We will utilize the Advertising Support to offset our costs and expenses, including our administrative costs and expenses, in developing and producing marketing materials and providing consulting regarding advertising and marketing the Franchise System within your Territory. The Brand Fund Contribution you require from your Barrio Burrito Bar franchisees shall be equivalent to then-current Brand Fund Contribution required under our single unit Franchise Agreement. You will use the balance of the Brand Fund Contributions to administer advertising and marketing promotions to promote the Franchise System within your Territory. The Brand Fund is used to promote public awareness of our brand and to improve our Franchise System.

The Brand Fund Contributions you retain shall be used for promoting the Franchise System within the Territory; the Brand Fund Contributions are not used to promote franchise sales. To illustrate, these may include, but are not limited to, the following: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development (including social media) and search engine optimization; (vii) development and implementation of quality control programs and other reputation management functions; (viii) conducting market research; (ix) changes and improvements to the Franchise System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) the proportionate salary share of our employees that devote time and provide services for advertising, promotion, collection, accounting or administration of the Brand Fund; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) training tools; and (xiv) our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities.

14. OPERATING STANDARDS.

14.1. Master Franchisee Manual. We will provide you with mandatory instructions and/or optional recommendations relating to the specific methods, policies, procedures and quality standards by which you will perform your obligations under this Agreement and assist us with the administration of the Franchise System within the Territory. Any such information, regardless of form (including written or electronic materials, videos, tutorials, pictures, recordings, etc.) shall be referred to as the



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“Master Franchisee Manual.” You agree to comply with all mandatory provisions of the Master Franchisee Manual. The Master Franchisee Manual may contain, among other things, policies and procedures, service and support functions, training requirements, sourcing requirements and supplier information, reporting and accounting requirements, marketing and promotional requirements, brand enforcement requirements, and any other information that we deem relevant and that is not inconsistent with the terms of this Agreement. You understand that we have the right to modify the Franchise System from time to time and that the flexibility to make such modifications is critical to the success of the Franchise System. Accordingly, you agree that we may modify the Master Franchisee Manual from time to time upon 30 days’ notice and you agree to comply with all such modifications. All mandatory provisions in the Master Franchisee Manual are binding on you and all references to this Agreement shall include all mandatory provisions within the Master Franchisee Manual. You understand that we are in the process of developing our Master Franchisee Manual and it is not comprehensive or complete at this time.

14.2. Standards of Operation. You agree to: (i) comply with the standards that we establish from time to time; and (ii) require all franchisees in the Territory to comply with such standards. You agree to implement and support the Operating System in the Territory so as to maintain and enhance uniform standards and operations throughout the entire franchise system. You agree to give prompt, courteous and efficient service, and to be governed by the highest ethical standards of fair dealing and honesty when dealing with the public and all existing and prospective franchisees in order to preserve and enhance the identity, reputation and goodwill built by the Operating System and the value of the Marks.

14.3. Authorized Goods and Services. You agree to provide all goods and services and engage in all related activities that we require from time to time in our commercially reasonable discretion for the operation of the Franchise System. You may not offer or provide any other goods or services or engage in any other activities in connection with your Master Business without our prior written permission. We shall, in good faith, consider all reasonable changes to the Operating System and the goods and services offered at Barrio Burrito Bar businesses that you propose in order to comply with local Laws or to conform to local customs and traditions.

14.4. Computer Hardware, Software and Technology. We will license our business operations software (“Software Solution”) to Barrio Burrito Bar Businesses in your Territory. We reserve the right to enter into a master license agreement with any software or technology supplier and sublicense the software or technology to you, in which case we may charge you for all amounts that we must pay to the licensor and costs to support the software based on your use of the software or technology. We also reserve the right to create new or additional proprietary software that must be used by master franchisees or Barrio Burrito Bar Businesses in your Territory, in which case we may require that you enter into a license agreement with us and pay us reasonable initial and ongoing licensing, support and maintenance fees. We can change the software and technology that must be used by our franchisees at any time, which may result in a change in fees.

14.5. Suppliers and Purchases.

(a) *Required Purchases.* You agree to purchase or lease all products, supplies, equipment and other items specified in the Master Franchisee Manual from time to time. The foregoing items must be obtained by you prior to commencing operation of the Master Business (and must be replaced on an as needed basis) and must be maintained in good working order



throughout the Term.

(b) *Equipment Maintenance and Changes.* You agree to maintain all equipment used in connection with the Master Business in good condition. You shall promptly replace or repair any equipment that is damaged, worn-out or obsolete. Upon our request, you agree to replace, repair or change your equipment within the time periods that we reasonably prescribe.

(c) *Suppliers.* To enable us to control the quality and consistency of items and/or services used, sold, displayed or distributed in Barrio Burrito Bar businesses and to protect the confidentiality of our trade secrets, you agree to ensure that all source restricted goods and services used, sold, displayed, or distributed at Barrio Burrito Bar business are purchased from only those sources designated or approved by us from time to time. We may also require that you purchase certain items only from approved or designated suppliers. Designated and approved suppliers are identified in the Master Franchisee Manual (for you) or the Franchisee Manual (for franchisees and you with respect to the operation of your Barrio Burrito Bar businesses). If you wish to purchase or lease, or allow franchisees to purchase or lease, any such items from a non-approved supplier, you must send us a written notice specifying the supplier's name and qualifications and provide any additional information that we request. We will approve or reject your request within 60 days after we receive your notice and all additional information (and samples) that we require. We shall be deemed to have rejected your request if we fail to issue our approval within the 60-day period. Within 10 days after invoicing, you must pay us a supplier review fee equal to the costs and expenses that we incur in reviewing a proposed supplier. We may, at our option, re-inspect the facilities and products of any approved supplier and revoke our approval upon the supplier's failure to meet any of our then-current minimum standards and specifications. We may require that you and franchisees purchase equipment, products or services from us or our affiliate(s), in which case all amounts will be due 10 days after the invoice date. We are the exclusive supplier for the Software Solution used by Barrio Burrito Bar businesses that must be used by all Barrio Burrito Bar businesses. The fees will vary depending on the software used by the Barrio Burrito Bar businesses. The fees may increase as a result of any upgrades, modifications or adding additional software. We are currently the exclusive supplier of our proprietary products and cleaners. We may designate ourselves and/or our affiliates as approved or designated suppliers for other items in the future for master franchises and/or Barrio Burrito Bar businesses and we reserve the right to generate revenues from these licenses and purchases.

15. RESTRICTIVE COVENANTS.

15.1. **Reason for Covenants.** You acknowledge that your knowledge of the Intellectual Property and the training and assistance that we provide would not be acquired except through implementation of this Agreement. You also acknowledge that competition by you, the Owners or persons associated with you or the Owners (including family members) could seriously jeopardize the entire Franchise System because you and the Owners have received an advantage through knowledge of our day-to-day operations and Know-how related to the Franchise System and Operating System. Accordingly, you and the Owners agree to comply with the covenants described in this Section to protect the Intellectual Property and our Franchise System. We also agree to comply with the covenants described in this Section pertaining to us to prevent unfair competition with you.

15.2. **Our Know-how.** You and the Owners agree: (i) neither you nor any Owner will use the Know-how in any business or capacity other than the operation of your Master Business pursuant to this Agreement or the operation of a Barrio Burrito Bar business pursuant to a Franchise Agreement; (ii) you



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and the Owners will maintain the confidentiality of the Know-how at all times; (iii) neither you nor any Owner will make unauthorized copies of documents containing any Know-how; (iv) you and the Owners will take all reasonable steps that we require from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you and the Owners will stop using the Know-how immediately upon the expiration, termination or Transfer of this Agreement (except as otherwise permitted by a Franchise Agreement that remains in good standing), and any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement will stop using the Know-how immediately at the time he or she ceases to be an Owner.

15.3. Unfair Competition During Term. You and your Owners agree not to unfairly compete with us during the Term or any renewal term by engaging in any of the following activities: (i) owning, operating or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, master franchisee, franchisor, licensor, or in any similar capacity) in any Competitive Business, other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business; or (ii) diverting or attempting to divert any business from us (or one of our affiliates). The activities prohibited by this Section are referred to as “Prohibited Activities.”

15.4. Unfair Competition After Term. During the Post-Term Restricted Period, you and your Owners agree not to engage in any Prohibited Activities within 20 miles of the Territory (or within the Territory itself) or within 20 miles of any other Barrio Burrito Bar Business ~~business~~ in operation, under development or under construction on the effective date of termination or expiration of the Master Franchise Agreement. If Master Franchisor engages in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competitive Business that is permitted under this Section), then the Post-Term Restricted Period applicable to such party shall be extended by the period of time during which such party engaged in the Prohibited Activity.

15.5. Employees and Others Associated with You. You must ensure that all of your employees, officers, directors, partners, members, independent contractors and other persons associated with you or your Master Business who have access to any of our Know-how, and who are not required to sign a Noncompetition Agreement, sign and send us a Confidentiality Agreement before having access to our Know-how. You must use your best efforts to ensure that these individuals comply with the terms of the Noncompetition Agreements and Confidentiality Agreements, as applicable, and you must immediately notify us of any breach that comes to your attention. You agree to reimburse us for all reasonable expenses that we incur in enforcing a Noncompetition Agreement or Confidentiality Agreement, including reasonable attorneys’ fees and court costs.

15.6. Covenants Reasonable. The parties acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; (ii) our use and enforcement of covenants similar to those described above with respect to other franchisees and master franchisees benefits you and the Owners in that it prevents others from unfairly competing with you; and (iii) the parties have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **THE PARTIES HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SECTION 15 AS BEING OVERLY BROAD, UNREASONABLE OR OTHERWISE UNENFORCEABLE.**

15.7. Breach of Covenants. The parties agree that failure to comply with the terms of this Section 15 will cause substantial and irreparable damage for which there is no adequate remedy at law.



Therefore, the parties agree that any violation of the terms of this Section 15 will entitle the non-breaching party to injunctive relief. The non-breaching party may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of the breaching party, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to the parties under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance and recovery of monetary damages. Any claim, defense or cause of action that the breaching party may have against the other, regardless of cause or origin, cannot be used as a defense against enforcement of this Section 15 by the non-breaching party.

16. ADDITIONAL OBLIGATIONS OF MASTER FRANCHISEE.

16.1. Books and Records. Throughout the Term, you agree to prepare at your expense and maintain and preserve at your office for at least five (5) years after their preparation, or such greater period of time as required by applicable Law, full, complete and accurate books, records, accounts and tax returns pertaining to the Master Business. Without limiting the generality of the foregoing, the books and records must contain all reports that the franchisees are required to provide to you, copies of all correspondence between you and the franchisees, all Inspection Reports and any other information specified in the Master Franchisee Manual. You may store copies of the foregoing items in electronic format. Within ten (10) days of our request, you agree to furnish to us such data, information and supporting records that we may require from time to time.

16.2. Reports. Within 30 days after the end of each fiscal quarter, you agree to prepare and provide to us a monthly statement of revenues and expenses for your Master Business for the prior quarter's operations, broken down and containing such information that we reasonably require. For purposes of this Section 16.2, "revenues" means all gross sums collected or billed by you from all services provided and merchandise and franchises sold in connection with the Master Business, including all Brand Fund Contributions, Franchise Fees, and other amounts payable to you pursuant to the Franchise Agreements. You agree to prepare and provide us with any other reports or records that we reasonably require from time to time in the manner and format that we specify. You agree to provide us with copies of all reports required by the Franchise Agreement for each Barrio Burrito Bar Business in your Territory. You agree to provide reports on your advertising spend.

16.3. Financial Statements. Within 30 days after the end of each fiscal quarter, you agree to prepare a statement of profit and loss and a balance sheet for the Master Business for the preceding fiscal quarter. In addition, within 90 days after the end of each calendar year, you agree to prepare: (i) an annual statement of profit and loss and source and application of funds for the Master Business; (ii) a balance sheet for the Master Business as of the end of the calendar year. You must promptly furnish these financial statements to us upon request. Annual financial statements must be signed and verified by the Managing Owner and accompanied by a review of an independent certified public accountant. All financial statements must be: (i) signed by the Managing Owner certifying to us that the information contained therein is true, complete and accurate; (ii) submitted in any format that we reasonably prescribe from time to time; and (iii) prepared in accordance with generally accepted accounting principles. We have the right to require that the annual audited financial statements be audited by an independent certified public accountant (or local equivalent) if any financial statements or reports that



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you provide to us are materially inaccurate.

16.4. Disclosure of Statements and Data. You hereby authorize us to disclose the financial statements, reports, and operating data to regulatory agencies and others at our discretion, provided such disclosure is not prohibited by applicable Law.

16.5. Compliance with Law. You agree to perform all activities contemplated or authorized under this Agreement, the Franchise Agreements or otherwise, in compliance with all applicable Laws. Without limiting the generality of the foregoing, in connection with your solicitation of franchisees, and the execution and performance of all Franchise Agreements, you shall comply with, and conduct all franchise promotion, advertising, and other activities in accordance with, all applicable franchise Laws regulating the offer and sale of franchises, the registration or exemption from registration of the franchise offering, or the relationship between franchisors and franchisees. You agree to secure and maintain in force all required licenses, permits and bonding relating to the operation of the Master Business.

16.6. Insurance. For your protection and ours, you agree to maintain the following insurance policies: (i) comprehensive general liability insurance, including products liability, property damage, owned and non-owned automobile coverage and personal injury coverage with a combined single limit of at least \$2,000,000. Minimum limits may be modified by written notice to you; (ii) all-risk property insurance including fire, vandalism, theft, burglary, and extended coverage insurance with primary and excess limits of at least 80% replacement value of the office premises and its inventory, fixtures and equipment; (iii) business interruption insurance which provides for payment to Franchisor of royalties and advertising payments lost during the business interruption; (iv) employment Practices Liability Insurance with a combined single limit of at least \$500,000, including full prior acts coverage, third party coverage, and Fair Labor Standards Act (FLSA) coverage (FLSA coverage to have a sub-limit of \$100,000) (v) Workers' Compensation, employer's liability, and other insurance required by statute or regulation in your state; and (vi) any other insurance that we specify in the Master Franchisee Manual from time to time. You agree to provide us with proof of coverage at the time you acquire or renew the policy, as applicable, and at any other time upon our request. You agree to obtain these insurance policies from insurance carriers that are rated A or better by Alfred M. Best & Company, Inc. and that are licensed and admitted in the Territory. All insurance policies must be endorsed to: (i) name us (and our members, officers, directors, and employees) as additional insureds; (ii) contain a waiver by the insurance carrier of all subrogation rights against us; and (iii) provide that we receive 30 days prior written notice of the termination, expiration, cancellation or modification of the policy. You must purchase insurance from suppliers that meet our minimum qualifications. If you fail to obtain and maintain the insurance we require, and we elect to do so on your behalf, you must reimburse us and pay a fee equal to 10% of our costs and expenses.

17. OTHER FRANCHISOR ASSISTANCE. In addition to the other assistance we provide elsewhere in this Agreement, we agree to promptly provide you with updated copies of the Franchisee Manual and Master Franchisee Manual based on modifications we make to these documents. We will also update you on any material changes to a Barrio Burrito Bar business, the goods or services offered at such businesses, marketing and operation of a Barrio Burrito Bar business and/or administration of the Operating System or Franchise System. We will make available to you general advertising, promotional and educational methods, and techniques and materials that we develop. From time to time, we may prepare training and educational materials for use by franchisees that may be copyrighted by us and may be reproduced by you with our permission.



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18. INSPECTIONS AND AUDITS.

18.1. Inspections. To ensure compliance with this Agreement, we or our representatives will have the right to enter evaluate your operations and inspect or examine your books, records, accounts and tax returns. Our evaluation may include, among other things: (i) monitoring your provision of services to and interactions with franchisees; (ii) contacting your employees; and (iii) contacting franchisees in your Territory to discuss their satisfaction with the services provided by you or to discuss any other matter that we deem appropriate. We may conduct our evaluation at any reasonable time and without prior notice. During the course of our inspections, we and our representatives will use reasonable efforts to minimize our interference with the operation of your Master Business, and you and your employees will cooperate and not interfere with our inspection. You consent to us accessing your computer system and retrieving any information that we deem appropriate in conducting the inspection.

18.2. Audit. We have the right, at any time, to have an independent audit made of your books and financial records. You agree to fully cooperate with us and any third parties that we hire to conduct the audit. If an audit reveals an understatement or underpayment of any amount due to us, you agree to immediately pay us the past due amount together with any applicable late fees. Any audit will be performed at our cost and expense unless (i) the audit reveals a material default by you (including any understatement of any fees owed to us by three percent (3%) of fees due to us or more) or (ii) the audit is required due to your failure to provide us with a required report or financial statement, which in either case you must reimburse us for the cost of the audit or inspection, including without limitation, reasonable accounting and attorneys' fees and travel and lodging expenses that we or our representatives incur. The audit cost reimbursements will be due 10 days after invoicing.

19. INTELLECTUAL PROPERTY.

19.1. Ownership and Use of Intellectual Property. You acknowledge that: (i) we and our affiliates are the sole and exclusive owners of the Intellectual Property and the goodwill associated with the Marks; (ii) your right to use the Intellectual Property is derived solely from this Agreement (and any Franchise Agreement entered into by the Operating Entity); and (iii) your right to use the Intellectual Property is limited to a license granted by us to operate your Master Business during the Term pursuant to, and only in compliance with, this Agreement, the Master Franchisee Manual, and all applicable standards, specifications and operating procedures that we prescribe from time to time. You may not use any of the Intellectual Property in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized by us. Any unauthorized use of the Intellectual Property constitutes an infringement of our and our affiliates' rights. You agree to comply with all provisions of the Master Franchisee Manual governing your use of the Intellectual Property. This Agreement does not confer to you any goodwill, title or interest in any of the Intellectual Property. You agree that all uses of the Marks by you and the franchisees shall inure to our and our affiliate's benefit and that you will not at any time acquire any rights in such Marks or the associated goodwill by virtue of any use you or any franchisee may make of such Marks. You agree that you will not at any time attack any of our or our affiliate's title or rights in and to the Marks, or attack the validity of this license of the use of the Marks, or do anything which could jeopardize or diminish our or our affiliate's rights to or the value of the Marks.

19.2. Changes to Intellectual Property. We have the right to modify the Intellectual Property at any time in our sole discretion, including by changing the Marks, the Operating System, the Franchise System, the Copyrights and/or the Know-how. If we modify or discontinue use of any of the Intellectual Property, then you must comply with any such instructions from us within 30 days. You



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waive all claims arising from or relating to any change, modification, substitution or discontinuation of the Intellectual Property and we will not be liable to you for any expenses, losses or damages that you incur (including the loss of any goodwill associated with a Mark) because of any addition, modification, substitution or discontinuation of the Intellectual Property.

19.3. Use of Marks. You agree to use the Marks as the sole identification of your Master Business; provided, however that you must identify yourself as the independent owner of your Master Business in the manner that we prescribe. You agree to: (i) prominently display the Marks on or in connection with any media advertising, promotional materials, posters and displays, receipts, stationery and forms that we designate and in the manner that we prescribe to give notice of trade and service mark registrations and copyrights; and (ii) obtain any fictitious or assumed name registrations required under applicable Law. You may not use the Marks in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument or other legal obligation or in any manner that is likely to confuse or result in liability to us for any indebtedness or obligation of yours.

19.4. Registration of Marks. We and our affiliates will have the sole right to file, in our own name or the name of our affiliate, all trademark and service mark registrations for the Marks. You agree to cooperate with us and our affiliates in: (i) registering the Marks, a separate trademark license agreement (if deemed necessary or convenient by us), this Agreement or a summary version thereof with any applicable governmental authority within the Territory to the extent required or desirable to fully protect our or our affiliate's rights in the Marks under applicable Law; and (ii) maintaining or perfecting such registration. We may cancel any registration of a trademark license agreement, this Agreement, or summary version thereof, upon the termination or expiration of this Agreement for any reason, and you agree to cooperate with us in connection with such cancellation. We and our affiliates agree to bear all costs that we and our affiliates incur in registering, perfecting, maintaining and cancelling the registration of the Marks or this Agreement or any related agreement. You must not directly or indirectly contest our right to our Mark, trade secrets or business techniques that are part of our business.

19.5. Use of Know-how. We will disclose the Know-how to you in the training program, the Master Franchisee Manual, the Franchisee Manual and in other guidance furnished to you during the Term. You agree that you will not acquire any interest in the Know-how other than the right to utilize it in strict accordance with the terms of this Agreement in the development and operation of your Master Business. You acknowledge that the Know-how is proprietary and is disclosed to you solely for use in the development and operation of your Master Business during the Term.

19.6. Improvements. If you conceive of or develop any improvements or additions to the Franchise System, the Operating System or the method of operation of a Barrio Burrito Bar business or Master Business, or any advertising or promotional ideas related thereto (collectively, "Improvements"), you agree to promptly and fully disclose the Improvements to us without disclosing the Improvements to others. You must obtain our approval prior to using any such Improvements. Any Improvement that we approve may be used by us and any third parties that we or our affiliates authorize to operate a Barrio Burrito Bar business or Master Business, without any obligation to pay you royalties or other fees. You must assign to us or our designee, without charge, all rights to any such Improvement, including the right to grant sublicenses. In return, we will authorize you to use any Improvements that we or other franchisees or master franchisees develop that we authorize for general use in connection with the operation of a Barrio Burrito Bar business or Master Business.

19.7. Notification of Infringements and Claims. You must immediately notify us of any:



(i) apparent infringement of any of the Intellectual Property; (ii) challenge to your, or a franchisee's, use of any of the Intellectual Property; or (iii) claim by any person of any rights in any of the Intellectual Property. You may not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We will have sole discretion to take such action as we deem appropriate. We have the right to exclusively control any litigation, administrative proceeding, or other proceeding arising out of any such infringement, challenge or claim. You agree to fully cooperate with us in the defense of a claim, and execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interest in any such litigation, administrative proceeding or other proceeding, or to otherwise protect and maintain our interest in the Intellectual Property. You may not institute any action for infringement of the Marks unless requested by us, in which case you shall institute such action solely in accordance with our directions. Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and hold you harmless for all losses or expenses that you incur based upon any allegation that the use of our Marks in accordance with this Agreement and the Master Franchisee Manual infringes upon the rights of any third party in the Territory. Except as otherwise disclosed above: (i) we are not required to protect your rights to use the Marks, nor must we defend you against any infringement, unfair competition or any other claim respecting your use of the Marks; and (ii) we are not required to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark licensed by us to you, or if the proceeding is resolved unfavorably to you. You must modify or discontinue the use of a Mark if we modify or discontinue it, and you will pay for all the costs you incur to modify or discontinue any Mark. You must not directly or indirectly contest our right to our Mark, trade secrets or business techniques that are part of our business.

20. INDEMNITY. You agree to indemnify the Indemnified Parties and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with: (i) the establishment, development, marketing or operation of your Master Business; (ii) the solicitation of franchises, including, but not limited to, improper disclosure or alleged misrepresentations by you or your agents, by statement or omission, in connection with the solicitation of a franchise (except if the only alleged misrepresentation relates to a material fact that we provided to you) or your failure to obtain and/or maintain any required franchise or business opportunity registration or exemption; (iii) any Claim brought by a franchisee that is not based upon any action or omission by us; or (iv) your breach of any of your obligations under this Agreement. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any Claim; and (ii) control the response thereto and the defense thereof, including the right to enter into an agreement to settle such Claim. You may participate in such defense at your own expense. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such Claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such Claim, including court costs and reasonable attorneys' fees, within 10 days of the date of each invoice delivered by such Indemnified Party to you enumerating such costs, expenses and attorneys' fees.

Provided that you are not in default under this Agreement or any other agreement with us, we will indemnify you and your Owners and employees and hold them harmless for, from and against any and all Losses and Expenses incurred by any of them as a result of or in connection with any Claim asserted against you, your Owners and/or employees based upon: (i) an alleged misrepresentation of a material fact that we provided to you in connection with the preparation of an Offering Document; (ii) our breach of any of our obligations under this Agreement; (iii) any allegation that the use of our Marks in accordance with this Agreement and the Master Franchisee Manual infringes upon the rights of any third party in the Territory; or (iv) any breach



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of our obligations (or breach of any of our affiliates' obligations) under any written distribution agreement. You must promptly notify us of any such Claim and fully cooperate with us in the defense of such Claim.

21. TRANSFERS.

21.1. By Us. This Agreement and the franchise are fully assignable by us (without prior notice to you) and shall inure to the benefit of any assignee(s) or other legal successor(s) to our interest in this Agreement, provided that we shall, subsequent to any such assignment, remain liable for the performance of our obligations under this Agreement up to the effective date of the assignment. We may also delegate some or all of our obligations under this Agreement to one or more persons without assigning the Agreement and/or we may hire third party consultants or other service providers to perform some of our obligations under this Agreement.

21.2. By You. You understand that the rights and duties created by this Agreement are personal to you and the Owners and that we have granted the master franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Owners. Therefore, neither you nor any Owner may engage in any Transfer other than a Permitted Transfer without our prior written approval. Any Transfer (other than a Permitted Transfer) without our approval shall be void and constitute a breach of this Agreement. We will not unreasonably withhold our approval of any proposed Transfer, provided that the following conditions are all satisfied:

(i) the proposed transferee is, in our opinion, an individual of good moral character, who has sufficient business experience, qualifications, credentials, aptitude and financial resources to own and operate the Master Business and otherwise meets all of our then applicable standards for master franchisees;

(ii) you and your Owners are in full compliance with the terms of this Agreement and all other agreements with us or our affiliate;

(iii) all of the owners of the transferee have successfully completed, or made arrangements to attend, the initial training program and have paid or committed to pay our then-current training fee (if any);

(iv) the transferee and its owners and employees, to the extent necessary, have obtained all licenses and permits required by applicable Law in order to own and operate the Master Business;

(v) The transferee shall have the option to either (i) assume this Agreement, including the remaining Term, Development Schedule and existing Territory; or (ii) negotiate a new Master Franchise Agreement and Development Schedule using our then-current form of Master Franchise Agreement, which, subject to the availability of adjacent areas, may include an extended Territory with additional areas where the transferee may develop and license others to develop Barrio Burrito Bar ~~Businesses~~businesses, provided that we reserve the right to negotiate a Development Fee (in addition to the Transfer Fee) in consideration of any extension of the Term or Territory;

(vi) You pay us a transfer fee to defray expenses that we incur in connection with the Transfer, including, without limitation, legal and accounting fees, credit and other investigation charges and evaluation of the transferee and the terms of the Transfer equal to the lesser of: (i) 5% of the total franchise sales price paid by the transferee to you; or (ii) \$200,000;



(vii) you and your Owners sign a General Release for all claims arising before or contemporaneously with the Transfer;

(viii) you or the transferring Owner, as applicable, and the transferee have satisfied any other conditions we reasonably require as a condition to our approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any claims we may have against the transferor, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of the franchise by the transferee.

21.3. Permitted Transfers. You may engage in a Permitted Transfer with our prior approval (and without compliance with the other conditions for transfer listed in Section 21.2), provided that (i) you must give us at least 10 days' prior written notice; and (ii) you and the Owners (and the transferee) must sign all documents that we reasonably request to effectuate and document the Permitted Transfer.

21.4. Death or Disability of an Owner. Upon the death or permanent disability of an Owner, the Owner's ownership interest in you or the franchise, as applicable, must be assigned to another Owner or to a third party approved by us within 120 days. Any assignment to a third party will be subject to all of the terms and conditions of Section 21.2. For purposes of this Section, an Owner is deemed to have a "permanent disability" only if the person has a medical or mental problem that prevents the person from substantially complying with his or her obligations under this Agreement or otherwise operating the Master Business in the manner required by this Agreement and the Master Franchisee Manual for a continuous period of at least three (3) months. We may designate a manager to operate the Master Business prior to assignment.

21.5. Our Right of First Refusal.

If you or any of your owners at any time determine to sell or transfer for consideration an interest in this Agreement and the franchise, or an ownership interest in you (except to or among your current owners, which is not subject to this Section), in a transaction that otherwise would be allowed under Section 21.2 above, you or your owners agree to obtain from a responsible and fully disclosed buyer, and send to us a true and complete copy of a bona fide, executed written offer relating exclusively to an interest in you or in this Agreement and the franchise. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Section 21.2 above. We may require you or your owners to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within 30 days after we receive both an exact copy of the offer and we have received to our satisfaction all other information we request concerning the offer and the proposed purchaser, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately held entity);



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- (2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (3) we will have an additional 30 days to prepare for closing after notifying you of our election to purchase; and
- (4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Section 21.2, above, and the transfer is done in compliance with the conditions in Section 21.2 above.

If you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is any change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the 30-day period following either the expiration of the 60 day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

22. TERMINATION.

22.1. By You. You may terminate this Agreement if we materially breach this Agreement and fail to cure the breach within 90 days after you send us a written notice specifying the nature of the breach. If you terminate this Agreement, you must still comply with your post-termination obligations described in Section 23 and all other obligations that survive the expiration or termination of this Agreement.

22.2. Termination By Us Without Cure Period. We may, in our sole discretion, terminate this Agreement upon 10 days' written notice, without opportunity to cure, for any of the following reasons, all of which constitute material events of default under this Agreement:

- (i) if you become insolvent by reason of your inability to pay your debts as they become due or you file a voluntary petition in bankruptcy or any pleading seeking any reorganization, liquidation, dissolution or composition or other settlement with creditors under any Law, or are the subject of an involuntary bankruptcy;
- (ii) if a regulatory authority suspends or revokes a material license or permit held by you or an Owner that is required to operate the Master Business, even if you or the Owner still maintain appeal rights;



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(iii) if you or an Owner (a) is convicted of or pleads no contest to a felony, a crime involving moral turpitude or any other material crime or (b) is subject to any material administrative disciplinary action or (c) fails to comply with any material Law applicable to your Master Business, including but not limited to any Law regulating the offer and sale of franchises in the Territory;

(iv) if you or an Owner commits an act that can reasonably be expected to adversely affect the reputation of the Franchise System or the Operating System or the goodwill associated with the Marks;

(v) if you or an Owner make any material misrepresentation to us, whether occurring before or after being granted the franchise;

(vi) if your Managing Owner ceases to actively manage the Master Business (or fails to actively supervise an approved manager, if applicable) for any reason and you fail to find an approved substitute Managing Owner that successfully completes our training program within 90 days after the Managing Owner ceases active management or supervision;

(vii) if you fail to pay any amount owed to us or an affiliate of ours within 10 days after receipt of a demand for payment;

(viii) if you underreport any amount owed to us by at least 3%, after having already committed such a breach that had been cured;

(ix) if you or an Owner makes an unauthorized Transfer;

(x) if you or an Owner ~~breaches~~breach any of the restrictive covenants described in Section 15;

(xi) if you or an Owner makes an unauthorized use of the Intellectual Property;

(xii) if you fail to meet the Minimum Quota for any Development Period;

(xiii) if two or more Barrio Burrito Bar Businesses~~businesses~~ close within any Development Period, in excess of any available Excused Default credits (provided that Excused Defaults credits shall not apply if you no longer meet the Minimum Quota for the previous Development Period due to the closures);

(xiv) if you commit three (3) or more defaults during the Term, regardless of whether such defaults have been cured; or

(xv) if we terminate any other agreement between you (or an affiliate of yours) and us or if any affiliate of ours terminates any agreement between you (or an affiliate of yours) and our affiliate because of your default.

22.3. Additional Conditions of Termination. In addition to our termination rights in Section 22.2, we may, in our sole discretion, terminate this Agreement upon 30 days' written notice if you or an Owner fail to comply with any other provision of this Agreement (including any mandatory provision in the Master Franchisee Manual) or any other agreement with us, or if the Operating Entity defaults under a Franchise Agreement, unless such default is cured, as determined by us in our sole discretion,



within such 30-day notice period, each of which shall constitute a material event of default under this Master Franchise Agreement. For purposes of clarity, the parties understand that we may terminate for failure to meet the development obligations unless you cure such breach within 30 days.

22.4. Mutual Agreement to Terminate. If you and we mutually agree in writing to terminate this Agreement, in which case you and we will be deemed to have waived any required notice period.

22.5. Our Right To Purchase the Franchise.

- (1) Exercise of Option. Upon one or both of the following:
 - (a) our termination of this Agreement according to its terms and conditions;or
 - (b) your termination of this Agreement without cause;

we have the option, exercisable by giving you written notice within 30 days after the date of termination, to purchase the franchise. We have the unrestricted right to assign this option to purchase.

(2) Purchase Price. We will work with you to mutually determine the purchase price for the franchise (the "Purchase Price"). If you and we are unable to mutually determine the Purchase Price within 14 calendar days, the purchase will be the "Appraised Price" (as defined below).

We may exclude from the assets purchased any operating assets and supplies that are not reasonably necessary (in function or quality) to the franchise operation or that we have not approved as meeting standards for Master Businesses, and the purchase price will reflect these exclusions.

(3) Appraisal. Unless you and we mutually agree otherwise to the Purchase Price, the Purchase Price shall be the Appraised Price. The "Appraised Price" will be determined by three independent appraisers, each of whom will conduct a separate appraisal and, in doing so, be bound by the criteria specified in subparagraph (2) above. We will appoint one appraiser, you will appoint one appraiser, and these two appraisers will appoint the third appraiser. You and we agree to select our respective appraisers within 15 days after we notify you that we wish to exercise our purchase option (if you and we have not mutually agreed on the Purchase Price before then), and the two appraisers so chosen are obligated to appoint the third appraiser within 15 days after the last of them is appointed. You and we will bear the costs of our own appraisers and share equally the fees and expenses of the third appraiser. The appraisers must complete their appraisals within 30 days after the third appraiser's appointment. The purchase price will be the average of the three independent appraisals.

(4) Closing. We or our assignee will pay the Purchase Price at the closing, which will take place not later than 60 days after the Purchase Price is determined, although we or our assignee may decide after the Purchase Price is determined not to purchase the franchise. We may set off against the Purchase Price, and reduce the Purchase Price by, any and all amounts you or your owners owe us or our affiliates. At the closing, you agree to deliver instruments transferring to us or our assignee:



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- (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
- (b) all of the franchise licenses and permits which may be assigned or transferred; and
- (c) accounts receivable in computer readable format.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

23. POST-TERM OBLIGATIONS. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

- (i) immediately cease using the Intellectual Property;
- (ii) pay us all amounts that you owe us;
- (iii) comply with all covenants described in Section 15 and in the Noncompetition Agreements that apply after the expiration, termination or Transfer of this Agreement or the disposal of an ownership interest by an Owner;
- (iv) return all copies of the Master Franchisee Manual, or any portions thereof, as well as all signs, sign faces, brochures, advertising and promotional materials, forms, and any other materials bearing or containing any of the Marks, Copyrights or other identification relating to a Barrio Burrito Bar business or Master Business, unless we allow you to transfer such items to an approved transferee (instead of returning, you may destroy any translated materials that you paid for other than any translated copies of Franchise Agreements or other agreements or communications with franchisees);
- (v) take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;
- (vi) provide us with a copy of all of your files and information pertaining to former, existing and prospective franchisees;
- (vii) upon our request, assign all Franchise Agreements that we request to us or to our designee (we may require the assignment of some but not all Franchise Agreements);
- (viii) notify all telephone companies, listing agencies and domain name registration companies (collectively, the “Agencies”) of the termination or expiration of your right to use: (a) the telephone numbers and/or domain names, if applicable, related to the operation of your Master Business; and (b) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the Agencies to transfer such telephone numbers, domain names and listings to us and you authorize us, and appoint us and any officer we designate as your attorney-in-fact to direct the Agencies to transfer the telephone numbers, domain names and listings to us if



you fail or refuse to do so); and

(ix) provide us with satisfactory evidence of your compliance with the above obligations within 30 days after the effective date of the termination, expiration or Transfer of this Agreement.

24. DISPUTE RESOLUTION. The parties agree to submit any claim, dispute or disagreement, including any matter pertaining to the interpretation of this Agreement or issues relating to the offer and sale of the franchise or the relationship between the parties (a “Dispute”) to mediation before a mutually agreeable mediator prior to litigation, unless the Dispute involves an alleged breach of Section 15 or Section 19. Any mediation shall take place in Detroit, Michigan. If the Dispute cannot be resolved by mediation or the Dispute involves an alleged breach of Section 15 or Section 19 within 90 days after notice of the Dispute, either party may file a lawsuit in any state or federal court of general jurisdiction in Detroit, Michigan and we and you irrevocably submit to the jurisdiction of such courts and waive any objection either of us may have to either the jurisdiction or venue of such courts. If we or you must enforce this Agreement in a judicial proceeding, the substantially prevailing party will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees. **UNLESS PROHIBITED BY APPLICABLE LAW, ANY DISPUTE (OTHER THAN FOR PAYMENT OF MONIES OWED OR A VIOLATION OF SECTION 15 OR SECTION 19) MUST BE BROUGHT BY FILING A WRITTEN DEMAND FOR MEDIATION WITHIN ONE (1) YEAR FOLLOWING THE CONDUCT, ACT OR OTHER EVENT OR OCCURRENCE GIVING RISE TO THE CLAIM, OR THE RIGHT TO ANY REMEDY WILL BE DEEMED FOREVER WAIVED AND BARRED. WE AND YOU IRREVOCABLY WAIVE: (i) TRIAL BY JURY; AND (ii) THE RIGHT TO LITIGATE ON A CLASS ACTION BASIS, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THE PARTIES.**

25. YOUR REPRESENTATIONS. On and as of the Effective Date (except with respect to such representations and warranties that are expressly made as of another date, which representations and warranties shall be made as of such other date), you and each of your Owners jointly and severally represent and warrant to us as follows:

(a) Organization and Qualification. If the master franchisee is an Entity, then: (i) the Entity is duly organized, validly existing and in good standing under the Laws of its jurisdiction of formation and has all requisite power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated by this Agreement; (ii) the Entity is duly licensed or qualified to do business within the Territory and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of the Master Business and any other business conducted by you makes such licensing or qualification necessary, except to the extent that the failure to be so licensed or qualified or in good standing would not adversely affect your ability to carry out your obligations under or consummate the transactions contemplated by this Agreement; (iii) the execution and delivery of this Agreement by the Entity, the performance by the Entity of its obligations hereunder and the consummation of the transactions contemplated by this Agreement have been duly authorized by all requisite action on the part of you and the Owners.

(b) Ownership. The Owners, in the aggregate, are the record and beneficial owners of 100% of the direct and indirect ownership interests in the master franchisee Entity. The ownership structure is completely and accurately set forth in Attachment “B”. No person other than an Owner



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holds or has a right to receive any ownership interests in the master franchisee Entity.

(c) No Conflict. This Agreement has been duly executed and delivered by you and the Owners and constitutes the legal, valid and binding instrument of you and the Owners, enforceable against each of them in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar Laws of general application affecting enforcement of creditors' rights generally; and (b) to the extent that any remedy of specific performance or injunctive or other forms of equitable relief may be subject to equitable defenses and would be subject to the discretion of the court before which any proceeding therefor may be brought.

(d) Governmental Consents and Approvals. None of the execution, delivery or performance of this Agreement by you or any Owner or the consummation of the transactions contemplated by this Agreement (a) violates, conflicts with or will result in any breach of any provision of the master franchisee's formation documents, bylaws, operating agreement or similar corporate agreements; (b) requires any filing with, obtaining any permit, authorization, consent or approval from, or providing any notification to, any Governmental Authority, except for any filing, permit, authorization, consent or approval that has been obtained as of the Effective Date or that will be obtained in the time required by applicable Law; (c) will result in a violation or breach of, or, with or without due notice or lapse of time or both, constitute a default or give rise to any right of termination, cancellation or acceleration under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which you are any Owner is a party or by which any of your or any such Owner's respective properties or assets may be bound or affected; or (d) violates any applicable Law, except, in the case of each of the foregoing clauses, such violations, breaches or defaults that would not, individually or in the aggregate, have a material adverse effect on the ability of you and the Owners to execute, deliver or perform this Agreement or consummate the transactions contemplated hereby.

(e) Anti-Terrorism Compliance. As of the Effective Date of this Agreement, you and each of your Owners jointly and severally represent and warrant to us that none of the property or interests of you or any of your Owners is subject to being "blocked" under any Anti-Terrorism Law. Neither you nor any of your Owners nor any of your or their respective funding sources (including any legal or beneficial owner of any equity interest in you) or related parties is or has ever been a terrorist or suspected terrorist within the meaning of the Anti-Terrorism Law or identified by name or address on any Terrorist List. You and each of your Owners are in compliance with applicable Law, including any such Anti-Terrorism Law. "Anti-Terrorism Law" means Executive Order 13224 issued by the President of the United States of America (or any successor Order), the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) of 2001 (or any successor legislation) and all other present and future federal, state and local Laws, ordinances, regulations, policies, lists, Orders and any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war. "Terrorist List" means all lists of known or suspected terrorists or terrorist organizations published by any U.S. government authority, including OFAC, that administers and enforces economic and trade sanctions, including against targeted non-U.S. countries, terrorism sponsoring organizations and international narcotics traffickers.

(f) Litigation. There is no existing, pending or threatened litigation, claim, action, suit,



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demand, Order, consent, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority, or any other person, by or against any you and/or any of the Owners that could materially and adversely affect the legality, validity or binding effect of this Agreement or the performance by you or any Owner of any of their respective obligations hereunder or the consummation of any of the transactions contemplated hereby.

(g) Information. All information provided to us by you and/or any of the Owners to induce us to enter into this Agreement was true and complete in all material respects on and as of the date such information was provided and is true and complete in all material respects on and as of the Effective Date.

(h) Disclosures and Due Diligence. You received: (1) ~~an exact~~ copy of this Agreement and its attachments; and (2) our Franchise Disclosure Document. You further acknowledge that you were given an opportunity to ~~conduct due diligence and~~ ask us questions regarding Barrio Burrito Bar Businesses and the operation of a Master Business.

(i) Different Forms of Agreements. You are aware of the fact that other present or future franchisees and master franchisees of ours may operate under different forms of agreement and consequently that our obligations and rights with respect to our various franchisees and master franchisees may differ materially in certain circumstances.

26. GENERAL PROVISIONS.

26.1. Governing Law. Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051, et seq.), this Agreement and the franchise relationship shall be governed by the Laws of the State of Delaware (without reference to its principles of conflicts of law), but any Law of the State of Delaware that regulates the offer and sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.

26.2. Relationship of the Parties. You understand and agree that nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party a general or special agent, legal representative, subsidiary, joint venture, partner, employee or servant of the other for any purpose. During the Term, you must conspicuously identify yourself at your base of operations, and in all dealings with third parties, as a master franchisee of ours and the independent owner of your Master Business. You agree to place such other notices of independent ownership on such forms, stationery, advertising, business cards and other materials as we may require from time to time. Neither we nor you are permitted to make any express or implied agreement, warranty or representation, or incur any debt, in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. In addition, neither we nor you will be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized by this Agreement.

26.3. Severability and Substitution. Each section, subsection, term and provision of this Agreement, and any portion thereof, shall be considered severable. If any applicable and binding Law imposes mandatory, non-waivable terms or conditions that conflict with a provision of this Agreement, the terms or conditions required by such Law shall govern to the extent of the inconsistency and supersede the conflicting provision of this Agreement. If a court concludes that any promise or covenant in this Agreement is unreasonable and unenforceable: (i) the court may modify such promise or covenant



to the minimum extent necessary to make such promise or covenant enforceable; or (ii) we may unilaterally modify such promise or covenant to the minimum extent necessary to make such promise or covenant enforceable.

26.4. Waivers. The parties may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other. Any waiver granted by us shall be without prejudice to any other rights we may have. Neither party shall be deemed to have waived or impaired any right, power or option reserved by this Agreement (including the right to demand exact compliance with every term, condition and covenant in this Agreement or to declare any breach of this Agreement to be a default and to terminate the franchise before the expiration of the Term) by virtue of: (i) any custom or practice of a party at variance with the terms of this Agreement; (ii) any failure, refusal or neglect of a party to exercise any right under this Agreement or to insist upon exact compliance by the other party with its obligations under this Agreement, including any mandatory specification, standard, or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, relating to other franchisees or master franchisees; or (iv) the acceptance by us of any payments due from you after breach of this Agreement.

26.5. Approvals. Whenever this Agreement requires our approval, you must make a timely written request for approval, and the approval must be in writing in order to bind us. Except as otherwise expressly provided in this Agreement, if we fail to approve any request for approval within the required period of time, we shall be deemed to have disapproved your request. If we deny approval and you seek legal redress for the denial, the only relief to which you may be entitled is to acquire our approval. You are not entitled to any other relief or damages for our denial of approval.

26.6. Force Majeure. No party shall be liable for loss or damage or deemed to be in breach of this Agreement if such party's failure to perform its obligations results from: (i) transportation shortages, inadequate supply of labor, material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate requests, recommendations or instructions of any Governmental Authority or any department thereof; (ii) compliance with any Law, ruling, order, requirement or instruction of any Governmental Authority with jurisdiction over such party; (iii) fires, strikes, embargoes, war, or riot; (iv) epidemics or pandemics; or (v) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance, in whole or in part, as may be reasonable under the circumstances. Notwithstanding the foregoing, any exchange control imposed by any Governmental Authority that restricts your ability to make payments to us in the time or manner required by this Agreement shall not constitute an event of force majeure and any such failure by you to make any payment in the time or manner required by this Agreement shall constitute a breach of this Agreement.

26.7. Binding Effect. This Agreement is binding upon the parties to this Agreement and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party to this Agreement; provided, however, that the additional insureds listed in Section 16.6 and you, your Owners, your employees and the Indemnified Parties are intended third party beneficiaries under this Agreement with respect to Section 20.

26.8. Integration. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY SECTION 14.1 AND SECTION 26.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH



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PARTIES. Any email correspondence or other form of informal electronic communication shall not be deemed to modify this Agreement unless such communication is signed by both parties and specifically states that it is intended to modify this Agreement. The attachment(s) are part of this Agreement, which, together with any Amendments or Addenda executed on or after the Effective Date, constitutes the entire understanding and agreement of the parties, and there are no other oral or written understandings or agreements between the parties about the subject matter of this Agreement. As referenced above, all mandatory provisions of the Master Franchisee Manual are part of this Agreement. Any representations not specifically contained in this Agreement made before entering into this Agreement do not survive after the signing of this Agreement. This provision is intended to define the nature and extent of the parties' mutual contractual intent, there being no mutual intent to enter into contract relations, whether by agreement or by implication, other than as set forth above. The parties acknowledge that these limitations are intended to achieve the highest possible degree of certainty in the definition of the contract being formed, in recognition of the fact that uncertainty creates economic risks for both parties which, if not addressed as provided in this Agreement, would affect the economic terms of this bargain. Nothing in this Agreement or any related agreements is intended to disclaim any of the representations we made in the Disclosure Document.

26.9. Covenant of Good Faith. If applicable Law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if applicable Law shall imply the covenant, you agree that: (i) this Agreement (and the relationship of the parties that is inherent in this Agreement) grants us the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with our explicit rights and obligations under this Agreement that may affect favorably or adversely your interests; (ii) we will use our judgment in exercising the discretion based on our assessment of our own interests and balancing those interests against the interests of our franchisees and master franchisees generally (including ourselves and our affiliates if applicable), and specifically without considering your individual interests or the individual interests of any other particular franchisee or master franchisee; (iii) we will have no liability to you for the exercise of our discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for our judgment so exercised.

26.10. Rights of Parties are Cumulative. The rights of the parties under this Agreement are cumulative and no exercise or enforcement by either party of any right or remedy under this Agreement will preclude any other right or remedy available under this Agreement or by Law.

26.11. Survival. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement (or the Transfer of an ownership interest in the franchise) shall continue in full force and effect subsequent to and notwithstanding its termination, expiration or Transfer and until they are satisfied in full or by their nature expire.

26.12. Construction. The headings in this Agreement are for convenience only and do not define, limit or construe the contents of the sections or subsections. All references to Sections refer to the Sections contained in this Agreement unless otherwise specified. All references to days in this Agreement refer to calendar days unless otherwise specified. The term "you" as used in this Agreement is applicable to one or more persons or an Entity, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine and the possessive. If we allow you to operate one or more Barrio Burrito Bar businesses through an affiliate, each reference to "you" with



IN WITNESS WHEREOF, the parties to this Agreement have signed this Agreement as of the date first written above.

FRANCHISOR

BURRITOBAR USA, INC.,

By _____
Name _____
Title _____

MASTER FRANCHISEE

By _____
Name _____
Title _____

By signing below, each of the undersigned Owners agrees to be personally bound by the terms and conditions applicable to “Owners” under this Agreement and each such owner agrees to be personally liable for master franchisee’s financial obligations under this Agreement.

OWNERS

By _____
Name _____

By _____
Name _____

By _____
Name _____



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[2023—2024 – 2025 Master FA v1F]

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

Development Period	Number of Barrio Burrito Bar Businesses businesses in Your Territory			
	Quota Type	New Businesses	Total Businesses	Security Deposit Refunded Refund *
Months 0 – 36	Minimum Quota			
	Development Quota			
Months 37 – 72	Minimum Quota			
	Development Quota			
Months 73 – 96	Minimum Quota			
	Development Quota			
Months 97 – 120	Minimum Quota			
	Development Quota			

	<u>Minimum Quota</u>			
	<u>Development Quota</u>			

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

8. **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
	<u>Minimum Quota</u>		
	<u>Development Quota</u>		
	<u>Minimum Quota</u>		
	<u>Development Quota</u>		
Development Schedule: Renewal Term 2			
Development Period	Quota Type	New Businesses	Total Businesses
	<u>Minimum Quota</u>		
	<u>Development Quota</u>		
	<u>Minimum Quota</u>		



	<u>Development Quota</u>		
--	--------------------------	--	--

(Signature Page Follows)

Fully executed this ____ day of _____, 20 ____.

FRANCHISOR:

MASTER FRANCHISEE:

BURRITOBAR USA, INC.

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____



ATTACHMENT “B”

Franchise Ownership Structure

___ Individual(s) ___ Partnership ___ Corporation ___ Limited Liability Company

INSTRUCTIONS: If the master franchisee is an individual (or individuals), please complete section I below only. If the master franchisee is a business entity, please complete sections II and III below.

SECTION I (For Individual(s)*):

Name	Address

*If you plan to operate your Master Business through a business entity in the future, you will need to notify us, transfer this Master Franchise Agreement to the Entity, and sign all of our transfer documents.

SECTION II (For Entities):

A. State and date of Formation/Incorporation: _____

B. Management (managers, officers, board of directors, etc.):

Name	Title

C. Owners (Members, Stockholders, Partners):**

Please include each person who is a direct and indirect owner of master franchisee (attach additional sheets if necessary). If any of the owners are also business entities, please list the owners of each of those business entities also.

Name	Address	Percentage Owned

**If any members, stockholders or partners are entities, please list the owners of such entities up through the individuals.



Section III.

Identification of Managing Owner. The “Managing Owner” as of the Effective Date is _____
_____. You may not change the Managing Owner
without prior written approval.

By signing below, the undersigned owner/officer hereby represents and confirms to us the accuracy of the foregoing description of franchisee’s ownership structure and acknowledges and agrees that the transfer of any ownership interests shall be subject to the terms of Section 21.2 of the Master Franchise Agreement.

By: _____

Name: _____

Title: _____

Date: _____



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[2023—2024 – 2025 Master FA v1F]

ATTACHMENT “C”

Owners Agreement

As a condition to the execution by BURRITOBAR USA, INC., (“we” or “us”), of a Master Franchise Agreement with _____ (“Master Franchisee”), each of the undersigned individuals (“Owners”), who constitute all of the owners of a direct or indirect beneficial interest in Master Franchisee, as well as their respective spouses, covenant and agree to be bound by this Owners Agreement (“Owners Agreement”).

1. Acknowledgments.

1.1 Franchise Agreement. Master Franchisee entered into a franchise agreement with us effective as of _____, 20__ (“Franchise Agreement”). Capitalized words not defined in this Owners Agreement will have the same meanings ascribed to them in the Franchise Agreement.

1.2 Role of Owners. Owners are the beneficial owners or spouses of the beneficial owners of all of the direct and indirect equity interest, membership interest, or other equity controlling interest in Master Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Master Franchisee’s obligations under the Master Franchise Agreement, including the confidentiality and non-compete, and non-solicit obligations, would be of little value to us if Master Franchisee’s direct and indirect owners were not bound by the same requirements. Under the provisions of the Master Franchise Agreement, Owners are required to enter into this Owners Agreement as a condition to our entering into the Master Franchise Agreement with Master Franchisee. Owners will be jointly and severally liable for any breach of this Owners Agreement.

2. Non-Disclosure and Protection of Confidential Information.

2.1 Confidentiality. Under the Master Franchise Agreement, we will provide Master Franchisee with specialized training, proprietary trade secrets, and other Confidential Information relating to the establishment and operation of a franchised business. The provisions of the Master Franchise Agreement governing Master Franchisee’s non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with each obligation as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Master Franchisee under the Master Franchise Agreement. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential, will also be deemed Confidential Information for purposes of this Owners Agreement.

2.2 Immediate Family Members. Owners acknowledge that they could circumvent the purpose of Section 2.1 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of Section 2.1 if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in Section 3, below, if performed by Owners. However, Owners may rebut



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this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

3. Covenant Not To Compete and To Not Solicit.

3.1 Noncompetition and Nonsolicitation During and After the Term of the Franchise Agreement. Owners acknowledge that as a participant in our system, they will receive proprietary and confidential information and materials, trade secrets, and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Master Franchisee's restrictions on competition and solicitation both during the Term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Owners Agreement by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Owners Agreement as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Owners Agreement as we may seek against Master Franchisee under the Franchise Agreement.

3.2 Construction of Covenants. The parties agree that each such covenant related to non-competition and nonsolicitation will be construed as independent of any other covenant or provision of this Owners Agreement. If all or any portion of a covenant referenced in this Section 3 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 3.

3.3 Our Right to Reduce Scope of Covenants. Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Section 3 of this Owners Agreement, without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified.

4. Guarantee.

4.1 Payment. Owners will pay us (or cause us to be paid) all monies payable by Master Franchisee under the Master Franchise Agreement on the dates and in the manner required for payment in the relevant agreement.

4.2 Performance. Owners unconditionally guarantee full performance and discharge by Master Franchisee of all of Master Franchisee's obligations under the Master Franchise Agreement on the date and times and in the manner required in the relevant agreement.

4.3 Indemnification. Owners will indemnify, defend and hold harmless us, all of our affiliates, and the respective shareholders, directors, partners, employees, and agents of such entities, against and from all losses, damages, costs, and expenses which we or they may sustain, incur, or become liable for by reason of: (a) Master Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Master Franchise Agreement, or to do and perform any other act, matter, or thing required by the Master Franchise Agreement; or (b) any action by us to obtain performance by Master Franchisee of any act, matter, or thing required by the Master Franchise Agreement.



4.4 No Exhaustion of Remedies. Owners acknowledge and agree that we will not be obligated to proceed against Master Franchisee or exhaust any security from Master Franchisee or pursue or exhaust any remedy, including any legal or equitable relief against Master Franchisee, before proceeding to enforce the obligations of the Owners as guarantors under this Owners Agreement, and the enforcement of such obligations can take place before, after, or contemporaneously with, enforcement of any of Master Franchisee's debts or obligations under the Master Franchise Agreement.

4.5 Waiver of Notice. Without affecting Owners' obligations under this Section 4, we can extend, modify, or release any of Master Franchisee's indebtedness or obligation, or settle, adjust, or compromise any claims against Master Franchisee, all without notice to the Owners. Owners waive notice of amendment of the Master Franchise Agreement and notice of demand for payment or performance by Master Franchisee.

4.6 Effect of Owner's Death. Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Section 4, but only for defaults and obligations hereunder existing at the time of death; and the obligations of any other Owners will continue in full force and effect.

4.7 Waiver of Acceptance, Default and Defenses. Owners waive: (i) acceptance and notice of acceptance by us of the forgoing undertakings; (b) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; and (c) any and all other notices and legal or equitable defenses, right of setoff, claim or counterclaim whatsoever to which they may be entitled at any time hereunder.

4.8 Continuing Nature. Owners agree that each of the obligations in this Section 4 shall be continuing and shall not be discharged by: (i) the insolvency of Franchisee or the payment in full of all of the obligations at any time; (ii) the power or authority or lack thereof of Franchisee to incur the obligations; (iii) the validity or invalidity of any of the obligations; (iv) the existence or non-existence of Franchisee as a legal entity; (v) any statute of limitations affecting the liability of Owners or the ability of us to enforce this Franchise Owner Agreement or the obligations; or (vi) any right of offset, counterclaim or defense of any Owner, including, without limitation, those which have been waived by Owners pursuant to this Franchise Owners Agreement.

5. Transfers.

Owners acknowledge and agree that we have granted the Master Franchise Agreement to Master Franchisee in reliance on Owners' business experience, skill, financial resources and personal character. Accordingly, Owners agree: a) not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Master Franchisee, unless Owners first comply with the sections in the Master Franchise Agreement regarding transfers and assignment, and b) that any attempt to do so will be a ~~material~~ breach of this Owners Agreement and the Master Franchise Agreement. We may, from time to time, without notice to Owners, assign or transfer any or all of Owners' rights, duties and obligations or any interest therein in this Owners Agreement and, notwithstanding any assignment(s) or transfer(s), the rights, duties and obligations shall be and remain for the purpose of this Owners Agreement. Each and every immediate and successive assignee or transferee of any of the rights, duties or obligations of any interest therein shall, to the extent of such party's interest in the rights duties and/or obligations, be entitled to the benefits of this Owners Agreement to the same extent as if such assignee or transferee were us.

6. Notices.



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6.1 Method of Notice. Any notices given under this Owners Agreement shall be in writing and delivered in accordance with the provisions of the Master Franchise Agreement.

6.2 Notice Addresses. Our current address for all communications under this Owners Agreement is:

BurritoBar USA, Inc.
Burrito Bar USA, Inc.
1120 Finch Avenue West, Ste. 301
Toronto, Ontario M3J 3H7

The current address of each Owner for all communications under this Owners Agreement is designated on the signature page of this Owners Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Master Franchise Agreement.

7. Enforcement of This Owners Agreement.

7.1 Dispute Resolution. Any claim or dispute arising out of or relating to this Owners Agreement shall be subject to the dispute resolution provisions of the Master Franchise Agreement. This agreement to engage in such dispute resolution process shall survive the termination or expiration of this Owners Agreement.

7.2 Choice of Law; Jurisdiction and Venue. This Owners Agreement and any claim or controversy arising out of, or relating to, any of the rights or obligations under this Owners Agreement, and any other claim or controversy between the parties, will be governed by the choice of law and jurisdiction and venue provisions of the Master Franchise Agreement.

7.3 Provisional Remedies. We have the right to seek from an appropriate court any provisional remedies, including temporary restraining orders or preliminary injunctions to enforce Owners' obligations under this Owners Agreement. Owners acknowledge and agree that there is no adequate remedy at law for Owners' failure to fully comply with the requirements of this Owners Agreement. Owners further acknowledge and agree that, in the event of any noncompliance, we will be entitled to temporary, preliminary, and permanent injunctions and all other equitable relief that any court with jurisdiction may deem just and proper. If injunctive relief is granted, Owners' only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Owners expressly waive all claims for damages they incurred as a result of the wrongful issuance.

8. Miscellaneous.

8.1 No Other Agreements. This Owners Agreement constitutes the entire, full and complete agreement between the parties, and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements, or undertakings, oral or written, between the parties relating to the matters covered by this Owners Agreement, other than those in this Owners Agreement. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Owners Agreement may be implied into this Owners Agreement. Except for unilateral reduction of the scope of the covenants permitted in Section



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3.3 (or as otherwise expressly provided in this Owners Agreement), no amendment, change or variance from this Owners Agreement will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

8.2 Severability. Each provision of this Owners Agreement, and any portions thereof, will be considered severable. If any provision of this Owners Agreement or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Owners Agreement will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e. to provide maximum protection for us and to effectuate the Owners' obligations under the Master Franchise Agreement), and the parties agree to be bound by the modified provisions.

8.3 No Third-Party Beneficiaries. Nothing in this Owners Agreement is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Owners Agreement.

8.4 Construction. Any term defined in the Franchise Agreement which is not defined in this Owners Agreement will be ascribed the meaning given to it in the Franchise Agreement. The language of this Owners Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Owners Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

8.5 Binding Effect. This Owners Agreement may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Owners Agreement is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

8.6 Successors. References to "Franchisor" or "the undersigned," or "you" include the respective parties' heirs, successors, assigns or transferees.

8.7 Nonwaiver. Our failure to insist upon strict compliance with any provision of this Owners Agreement shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Owners Agreement shall be cumulative.

8.8 No Personal Liability. You agree that fulfillment of any and all of our obligations written in the Master Franchise Agreement or this Owners Agreement, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

8.9 Owners Agreement Controls. In the event of any discrepancy between this Owners Agreement and the Master Franchise Agreement, this Owners Agreement shall control.



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(Signatures on following page)



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[2023-2024 -2025 Master FA v1F]

IN WITNESS WHEREOF, the parties have entered into this Owners Agreement as of the effective date of the Franchise Agreement.



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[2023—2024 – 2025 Master FA v1F]

OWNERS: _____

(Insert Name of Owner)

OWNER(S):

Sign: _____
Printed Name: _____
Address: _____

(Insert Name of Spouse)

SPOUSE(S):

Sign: _____
Printed Name: _____
Address: _____

Sign: _____
Printed Name: _____
Address: _____

Sign: _____
Printed Name: _____
Address: _____

Sign: _____
Printed Name: _____



Address:

Rev.-121319)030824

~~BurritoBar USA, Inc. hereby accepts the agreements of the Owner(s) hereunder.~~

~~BURRITOBAR USA, INC.~~

By: _____

Title: _____



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EXHIBIT C

FRANCHISE OPERATIONS MANUAL
TABLE OF CONTENTS

Single Unit Manual

Section	Number of Pages
Introduction	4
Franchisee Training Schedule	5
Station Verifications	85
Ops Tools	43
Team Member Handbook	35
People Elective	12
Franchisee Policies, Rules And Regulations And Additional Costs	11

Total pages: 195



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(ii) Master Franchisee Responsibilities	2
B. FRANCHISE MARKETING	3
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C. FRANCHISE SALES	9
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(ii) Administrative Procedures	11
(iii) The FDD	13
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D. FRANCHISE ADMINISTRATION	17
(i) Monthly Activity Report	17
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E. FRANCHISE ADVERTISING	19
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F. BUSINESS DEVELOPMENT & TRAINING	21
(i) Start-Up Services	21
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Total: 26 Pages



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EXHIBIT D

**LIST OF CURRENT AND FORMER
MASTER FRANCHISEES**

Current Master Franchisees as of April 30, 20232024:

Territory State	Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Florida	Schaap	Zachary Martin	Ahara BB LLC	978 Hinterland Court	Oshawa	ON	L1K 2M6	N/A	zschaap@hotmail.ca
	Paranthaman,	Nishangan		185 Iribelle Avenue,	Oshawa	ON	L1L 0E2		nishangan1983@gmail.com
Michigan	Ghelani	Sandeep	Burrito Bar Development LLC	2395 W. Grand River Rd.	Howell	MI	48843	517-295-4246	gsd_555@yahoo.com

Master Franchisees with Unopened Outlets as of April 30, 20232024:

Territory State	Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Illinois	Patel	Bhavin	Bright Sunrise LLC	1012 S. Carley Circle	Yorkville,	IL	60560	615-738-8485	bhavin1302@gmail.com
	Patel	Hiral							Hiral2209@gmail.com
Iowa	Patel	Sonal Amit	Purple Plate LLC	516 Poe Circle	Ames	IA	50014	515-708-5970	sonal2204@hotmail.com
	Patel	Amitkumar							amitandsonal@yahoo.com
	Patel	Vishalkumar							Vishai79@yahoo.com
Maryland	Sandhu	Surinder Singh	Sandhu restaurant group of Maryland LLC	7660 Royce St.	Annandale	VA	22003	N/A	sandhusurinder@yahoo.com
	Sandhu	Aekam Kaur							AekamSandhu@gmail.com
Nebraska	Patel	Sonal Amit	Purple Plate LLC	516 Poe Circle	Ames	IA	50014	515-708-5970	sonal2204@hotmail.com
	Patel	Amitkumar							amitandsonal@yahoo.com
	Patel	Vishalkumar							Vishai79@yahoo.com
Tennessee	Gulbrandsen	James C.	G Brand LLC	19230 Lochmere Ct.	Monument	TN	80132	N/A	gulbrandsenjames@yahoo.com
Texas	Dhillon	Jagmohan Singh	N/AD Burrito LLC	8762 Preston Trace Blvd.	Frisco	TX	7503375035	N/A	ag@galaxyhotelsgroup.com
	Gulati	Bhupinder S		13138 Torrington Dr.					bhupinder.gulati@bython.com
	Gulati	Poonam							poonam.gulati@bython.com

Territory State	Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Virginia	Surinder Singh	Sandhu	Sandhu restaurant group of Virginia LLC	7660 Royce St.	Annandale	VA	22003	N/A	sandhusurinder@yahoo.com AekamSandhu@gmail.com

Master Franchisees with Unopened Outlets as of April 30, 2024*:

Territory State	Last Name	First Name	Entity Name	Address	City	State	Zip Code	Phone	Email
Illinois	Patel	Mayur	N/A	4632 N Lamon Ave.	Chicago	Illinois	60630	708-925-9996	Mayur4583@yahoo.com
New Jersey	Patel	Tushar	Sarang Franchising LLC	PO Box 629	Lewis Center	Ohio	43035	267-249-7374	tushar@sarang.group
	Patel	Kingel							kingel@sarang.group
	Patel	Yogesh							yogesh@sarang.group
	Patel	Purviksha P							purvi@sarang.group
Ohio	Patel	Tushar	Sarang Franchising LLC	PO Box 629	Lewis Center	Ohio	43035	267-249-7374	tushar@sarang.group
	Patel	Kingel							kingel@sarang.group
	Patel	Yogesh							yogesh@sarang.group
	Patel	Purviksha P							purvi@sarang.group
West Virginia	Patel	Ajaykumar	WV ADYK LLC	8903 Whitney Dr.	Lewis Center	Ohio	43035	201-290-4737	ajay@sarang.com
	Patel	Dipal							dipal@shantibhuvan.com

***The franchisees for these additional unopened outlets signed franchise agreement after our fiscal year-end.**

Former Master Franchisees as of April 30, 2024:

The name and last known address of every franchisee who had a Barrio Burrito Bar Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period May 1, ~~2023~~~~2022~~ to April 30, ~~2023~~~~2024~~, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the System.

None

~~If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.~~

<u>Last Name</u>	<u>First Name</u>	<u>Entity Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Zip Code</u>	<u>Phone</u>	<u>Email</u>
Gulbrandsen	James A.	G Burrito LLC	19230 Lochmere Ct	Monument,	CO	80132	n/a	gulbrandsenjames@yahoo.com



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[2023--2024 -2025.Master FDD v1F]

EXHIBIT E
FINANCIAL STATEMENTS



{00159756} BURRITO BAR

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[2023-2024 -2025_Master FDD v1F]

BURRITOBAR USA, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

APRIL 30, 2023, 2022, AND 2021



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[2023-2024 -2025.Master FDD v1F]



BURRITOBAR USA, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
APRIL 30, 2024, 2023, AND 2022



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BURRITOBAR USA, INC.

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Independent Auditor's Report

To the Stockholder of
BurritoBar USA, Inc.
Toronto, ON

Opinion

We have audited the accompanying financial statements of BurritoBar USA, Inc., which comprise the balance sheets as of April 30, 2023, 2022, and 2021, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BurritoBar USA, Inc. as of April 30, 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. 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.

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 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 generally accepted auditing standards 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, including omissions, 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.



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In performing an audit in accordance with generally accepted auditing standards, 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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunlap

St. George, Utah
June 23, 2023





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BURRITOBAR USA, INC.
BALANCE SHEETS
As of April 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 43,929	\$ 32,164	\$ 23,320
Accounts receivable	1,930	-	-
Prepaid expenses	-	-	1,033
Total current assets	<u>45,859</u>	<u>32,164</u>	<u>24,353</u>
Non-current assets			
Deferred tax assets	20,459	13,411	9,238
Total assets	<u>\$ 66,318</u>	<u>\$ 45,575</u>	<u>\$ 33,591</u>
Liabilities and Stockholder's Equity			
Current liabilities			
Accounts payable	\$ 8,548	\$ 1,163	\$ -
Due to shareholder	5,920	5,920	5,920
Deferred revenue, current	-	7,333	11,000
Total current liabilities	<u>14,468</u>	<u>14,416</u>	<u>16,920</u>
Non-current liabilities			
Deferred revenue, non-current	67,500	30,000	7,333
Total liabilities	<u>81,968</u>	<u>44,416</u>	<u>24,253</u>
Stockholder's equity			
Common stock, 1,500 shares authorized, issued, and outstanding	10,000	10,000	10,000
Accumulated deficit	(25,650)	(8,841)	(662)
Total stockholder's equity	<u>(15,650)</u>	<u>1,159</u>	<u>9,338</u>
Total liabilities and stockholder's equity	<u>\$ 66,318</u>	<u>\$ 45,575</u>	<u>\$ 33,591</u>

The accompanying notes are an integral part of the financial statements.





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BURRITOBAR USA, INC.
STATEMENTS OF OPERATIONS
For the years ended April 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenue			
Franchise fees	\$ 7,333	\$ 11,000	\$ 11,000
Royalty fees	19,268	9,459	9,106
Total operating revenue	<u>26,601</u>	<u>20,459</u>	<u>20,106</u>
Operating expenses			
Professional fees	48,137	22,135	8,930
Advertising and marketing	1,100	8,990	-
General and administrative	-	348	5,566
Total operating expenses	<u>49,237</u>	<u>31,473</u>	<u>14,496</u>
Income (loss) from operations	<u>(22,636)</u>	<u>(11,014)</u>	<u>5,610</u>
Income tax expense (benefit)	<u>(5,827)</u>	<u>(2,835)</u>	<u>1,444</u>
Net income (loss)	<u>\$ (16,809)</u>	<u>\$ (8,179)</u>	<u>\$ 4,166</u>

The accompanying notes are an integral part of the financial statements.



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BURRITOBAR USA, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
For the years ended April 30, 2023, 2022, and 2021

	Common Stock		Accumulated	Total
	Shares	Amount	Deficit	
Balances as of May 1, 2020	1,500	\$ 10,000	\$ (4,828)	\$ 5,172
Net income	-	-	4,166	4,166
Balances as of April 30, 2021	1,500	10,000	(662)	9,338
Net loss	-	-	(8,179)	(8,179)
Balances as of April 30, 2022	1,500	10,000	(8,841)	1,159
Net loss	-	-	(16,809)	(16,809)
Balances as of April 30, 2023	<u>1,500</u>	<u>\$ 10,000</u>	<u>\$ (25,650)</u>	<u>\$ (15,650)</u>

The accompanying notes are an integral part of the financial statements.



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BURRITOBAR USA, INC.
STATEMENTS OF CASH FLOWS
For the years ended April 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flow from operating activities:			
Net income (loss)	\$ (16,809)	\$ (8,179)	\$ 4,166
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	(1,930)	-	27,500
Prepaid expenses	-	1,033	1,885
Accounts payable	7,385	1,163	-
Deferred tax assets	(7,048)	(4,173)	(441)
Deferred revenue	30,167	19,000	(11,000)
Net cash provided by operating activities	<u>11,765</u>	<u>8,844</u>	<u>22,110</u>
Net change in cash and cash equivalents	11,765	8,844	22,110
Cash at the beginning of the year	32,164	23,320	1,210
Cash at the end of the year	<u>\$ 43,929</u>	<u>\$ 32,164</u>	<u>\$ 23,320</u>
<hr/>			
Supplementary disclosures of cash flows			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.



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BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023, 2022, AND 2021

(1) Nature of Business and Summary of Significant Accounting Policies

(a) *Nature of Business*

BurritoBar USA, Inc. (the "Company") was formed on October 27, 2017 in the state of Delaware as a corporation for the principal purpose of franchising a unique Mexican casual-dining restaurant and supporting the operations of franchised locations throughout the United States.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending April 30 of each year.

(b) *Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of April 30, 2023, 2022, and 2021, the Company had cash and cash equivalents of \$43,929, \$32,164, and \$23,320, respectively.

(e) *Accounts Receivable*

Accounts receivable primarily consist of amounts from franchisees for initial franchise fees. Based on an assessment of the franchisees' credit history and current relationship with the Company, management has concluded that realized losses on balances outstanding at year-end will be immaterial. Accordingly, no reserve for uncollectible amounts has been recorded as of April 30, 2022, 2021, and 2020. As of April 30, 2023, the Company had accounts receivable of \$1,930. As of April 30, 2022 and 2021, the Company had no accounts receivable.

(f) *Revenue Recognition*

The Company's revenues consist of fees from both master franchise territories operated by master franchisees and individual franchised locations. Revenues from master and individual franchisees consist of initial franchise fees and royalties based on a percentage of gross revenues.

On May 1, 2020, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the adoption of ASC 606 did not have a material effect upon its financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the



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BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023, 2022, AND 2021

contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. Management has determined that initial fees from master franchise agreements are to be recognized over the life of the agreement.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees from individual franchisees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
 - Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
 - Training of the franchisee's personnel or the franchisee
 - Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
 - Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
-
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon commencement of operations.

(g) Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, *Income Taxes*. Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed for the tax years ended April 30, 2023, 2022, and 2021 for U.S. Federal Income Tax and income tax for the State of Delaware.

The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Company did not recognize or incur any accrual for interest and penalties relating to income taxes for the years ended April 30, 2023, 2022, and 2021.

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023, 2022, AND 2021

(h) *Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(i) *Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) *Prepaid Expenses*

The Company's prepaid expenses consist of prepaid income taxes. As of April 30, 2022 and 2021, the Company had no prepaid income taxes. As of April 30, 2020, the balance of prepaid income taxes was \$1,033.

(3) *Related Party Transactions*

The Company has a loan from its sole shareholder to fund operations and provide working capital. The loan does not bear interest and is payable upon demand. As of April 30, 2023, 2022, and 2021, the amount due to shareholder was \$5,920.

(4) *Deferred Tax Asset*

As of April 30, 2023, 2022, and 2021, the components of the deferred income tax asset are as follows:

	2023	2022	2021
Deferred tax asset			
Deferred revenue	\$ 17,375	\$ 9,610	\$ 4,719
Start-up costs	3,084	3,801	4,519
	<u>\$ 20,459</u>	<u>\$ 13,411</u>	<u>\$ 9,238</u>

(5) *Franchise Agreements*

The Company's master and individual franchise agreements provide for a payment of initial fees as well as continuing royalties to the Company based on a percentage of sales. Under the master franchise agreement, franchisees are granted the right to operate a territory using the Burrito Bar system for a period of five years. All initial fees from master franchisees are amortized over the life of the agreement. Under the individual franchise agreement, franchisees are granted the right to single locations using the Burrito Bar system for a period of five years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. The amount expected to be recognized within the following year is categorized as current, while the remainder is classified as non-current.

The Company has estimated the following current and non-current portions of deferred revenue as of April 30, 2023, 2022, and 2021:

	2023	2022	2021
Deferred revenue, current	\$ -	\$ 7,333	\$ 11,000
Deferred revenue, non-current	67,500	30,000	7,333
	<u>\$ 67,500</u>	<u>\$ 37,333</u>	<u>\$ 18,333</u>



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BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2023, 2022, AND 2021

(6) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

On March 11, 2020, the World Health Organization classified the outbreak of a new strain of the coronavirus (“COVID-19”) as a pandemic. The COVID-19 outbreak in the United States began in mid-March 2020 and has continued through April 30, 2023 and subsequent to the fiscal year end. It is continuing to disrupt supply chains and affect production and sales across a range of industries. Management believes the pandemic has had a material effect on the Company’s operations, reducing revenue from both new and existing franchisees. The extent of the impact of COVID-19 on the Company’s future operational and financial performance continues to evolve and will depend on certain ongoing developments, including the duration and spread of the outbreak, impact on the Company’s customers and vendors all of which are uncertain and cannot be reasonably estimated. At this point, the full extent to which COVID-19 may impact the Company’s future financial condition or results of operations is uncertain.

(7) Subsequent Events

Management has reviewed and evaluated subsequent events through June 23, 2023, the date on which the financial statements were issued.

BURRITOBAR USA, INC.

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Independent Auditor's Report

To the Stockholder of
BurritoBar USA, Inc.
Toronto, ON

Opinion

We have audited the accompanying financial statements of BurritoBar USA, Inc., which comprise the balance sheets as of April 30, 2024, 2023, and 2022, and the related statements of operations, stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BurritoBar USA, Inc. as of April 30, 2024, 2023, and 2022 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. 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.

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 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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas J Dunlay

St. George, Utah
June 25, 2024



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BURRITOBAR USA, INC.
BALANCE SHEETS
As of April 30, 2024, 2023, and 2022

	2024	2023	2022
Assets			
Current assets			
Cash and cash equivalents	\$ 621,464	\$ 43,929	\$ 32,164
Accounts receivable	1,815	1,930	-
Deferred commissions, current	48,400	-	-
Total current assets	671,679	45,859	32,164
Non-current assets			
Deferred tax assets	22,856	20,459	13,411
Deferred commissions, non-current	112,800	-	-
Total assets	\$ 807,335	\$ 66,318	\$ 45,575
 Liabilities and Stockholder's Equity			
Current liabilities			
Accounts payable	\$ 9,007	\$ 8,548	\$ 1,163
Due to shareholder	5,920	5,920	5,920
Deferred revenue, current	218,799	-	7,333
Total current liabilities	233,726	14,468	14,416
Non-current liabilities			
Deferred revenue, non-current	596,969	67,500	30,000
Total liabilities	830,695	81,968	44,416
 Stockholder's equity			
Common stock, 1,500 shares authorized, issued, and outstanding	10,000	10,000	10,000
Accumulated deficit	(33,360)	(25,650)	(8,841)
Total stockholder's equity	(23,360)	(15,650)	1,159
Total liabilities and stockholder's equity	\$ 807,335	\$ 66,318	\$ 45,575

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
STATEMENTS OF OPERATIONS
For the years ended April 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue			
Franchise fees	\$ 39,717	\$ 7,333	\$ 11,000
Royalty fees	62,987	19,268	9,459
Total operating revenue	<u>102,704</u>	<u>26,601</u>	<u>20,459</u>
Operating expenses			
Professional fees	64,434	48,137	22,135
Advertising and marketing	22,220	1,100	8,990
General and administrative	26,157	-	348
Total operating expenses	<u>112,811</u>	<u>49,237</u>	<u>31,473</u>
Loss from operations	(10,107)	(22,636)	(11,014)
Income tax benefit	<u>(2,397)</u>	<u>(5,827)</u>	<u>(2,835)</u>
Net loss	<u>\$ (7,710)</u>	<u>\$ (16,809)</u>	<u>\$ (8,179)</u>

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
STATEMENTS OF STOCKHOLDER'S EQUITY
For the years ended April 30, 2024, 2023, and 2022

	Common Stock		Accumulated	Total
	Shares	Amount	Deficit	
Balances as of May 1, 2021	1,500	\$ 10,000	\$ (662)	\$ 9,338
Net loss	-	-	(8,179)	(8,179)
Balances as of April 30, 2022	1,500	10,000	(8,841)	1,159
Net loss	-	-	(16,809)	(16,809)
Balances as of April 30, 2023	1,500	10,000	(25,650)	(15,650)
Net loss	-	-	(7,710)	(7,710)
Balances as of April 30, 2024	<u>1,500</u>	<u>\$ 10,000</u>	<u>\$ (33,360)</u>	<u>\$ (23,360)</u>

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
STATEMENTS OF CASH FLOWS
For the years ended April 30, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash flow from operating activities:			
Net loss	\$ (7,710)	\$ (16,809)	\$ (8,179)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Changes in operating assets and liabilities:			
Accounts receivable	115	(1,930)	-
Prepaid expenses	-	-	1,033
Deferred commissions	(161,200)	-	-
Accounts payable	459	7,385	1,163
Deferred tax assets	(2,397)	(7,048)	(4,173)
Deferred revenue	748,268	30,167	19,000
Net cash provided by operating activities	<u>577,535</u>	<u>11,765</u>	<u>8,844</u>
Net change in cash and cash equivalents	577,535	11,765	8,844
Cash at the beginning of the year	43,929	32,164	23,320
Cash at the end of the year	<u>\$ 621,464</u>	<u>\$ 43,929</u>	<u>\$ 32,164</u>
Supplementary disclosures of cash flows			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024, 2023, AND 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) *Nature of Business*

BurritoBar USA, Inc. (the "Company") was formed on October 27, 2017 in the state of Delaware as a corporation for the principle purpose of franchising a unique Mexican casual-dining restaurant and supporting the operations of franchised locations throughout the United States.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending April 30 of each year.

(b) *Accounting Standards Codification*

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of April 30, 2024, 2023, and 2022, the Company had cash and cash equivalents of \$621,464, \$43,929, and \$32,164, respectively.

(e) *Accounts Receivable*

Accounts receivable primarily consist of amounts from franchisees for initial franchise fees. Based on an assessment of the franchisees' credit history and current relationship with the Company, management has concluded that realized losses on balances outstanding at year-end will be immaterial. Accordingly, no reserve for uncollectible amounts has been recorded as of April 30, 2024, 2023, and 2022. As of April 30, 2024 and 2023, the Company had accounts receivable of \$1,815 and \$1,930, respectively. As of April 30, 2022, the Company had no accounts receivable.

(f) *Revenue Recognition*

The Company's revenues consist of fees from both master franchise territories operated by master franchisees and individual franchised locations. Revenues from master and individual franchisees consist of initial franchise fees and royalties based on a percentage of gross revenues.

On May 1, 2020, the Company adopted ASC 606, *Revenue from Contracts with Customers* using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Management determined that the adoption of ASC 606 did not have a material effect upon its financial statements.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
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implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue.

For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the transaction price, which includes an initial fee and ongoing royalties, and the Company's performance obligations.

Upon evaluation of the five-step process, the Company has determined that royalties from locations operated by franchisees, which are based on a percentage of gross revenue, are to be recognized at the time the underlying sales occur. Management has determined that initial fees from master franchise agreements are to be recognized over the life of the agreement.

In allocating the transaction price and recognizing the revenue associated with initial franchise fees from individual franchisees, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. The practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation. These pre-opening services include the following:

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, the initial fees are allocated to the pre-opening services, which are recognized as revenue upon delivery of the pre-opening services, which is generally the commencement of operations.

(g) Income Taxes

The Company has adopted the liability method of accounting for income taxes ASC 740, *Income Taxes*. Under ASC 740, deferred income taxes are recorded to reflect tax consequences on future years for the differences between the tax basis of assets and liabilities and their financial reporting amounts at each year-end. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

Deferred income tax expense represents the change during the period in the deferred tax assets and deferred tax liabilities. The components of the deferred tax assets and liabilities are individually classified as current and non-current based on their characteristics. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements. The Company's evaluation was performed for the tax years ended April 30, 2024, 2023, and 2022 for U.S. Federal Income Tax and income tax for the State of Delaware.

The Company's policy is to recognize interest and penalties related to income tax issues as components of income tax expense. The Company did not recognize or incur any accrual for interest and penalties relating to income taxes for the years ended April 30, 2024, 2023, and 2022.

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024, 2023, AND 2022

(h) *Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, pre-paid expenses, and accounts payable the carrying amounts approximate fair value due to their short maturities. The amounts shown for notes payable also approximate fair value because current interest rates and terms offered to the Company for similar debt are substantially the same.

(i) *Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) *Related Party Transactions*

The Company has a loan from its sole shareholder to fund operations and provide working capital. The loan does not bear interest and is payable upon demand. As of April 30, 2024, 2023, and 2022, the amount due to shareholder was \$5,920.

(3) *Deferred Tax Asset*

As of April 30, 2024, 2023, and 2022, the components of the deferred income tax asset are as follows:

	2024	2023	2022
Deferred tax asset			
Deferred revenue and commissions	\$ 6,430	\$ 17,375	\$ 9,610
Start-up costs	2,367	3,084	3,801
Net operating loss	14,059	-	-
Total deferred tax asset	<u>\$ 22,856</u>	<u>\$ 20,459</u>	<u>\$ 13,411</u>

The following is a reconciliation of the statutory federal income tax rate applied to pretax accounting income with the income tax provision:

	2024	2023	2022
Income tax at the statutory rate	\$ -	\$ 1,221	\$ 1,338
Increase (decrease) resulting from:			
Deferred revenue and commissions	10,945	(7,765)	(4,891)
Start-up costs	717	717	718
Net operating loss	(14,059)	-	-
Income tax benefit	<u>\$ (2,397)</u>	<u>\$ (5,827)</u>	<u>\$ (2,835)</u>

(4) *Franchise Agreements*

The Company's master and individual franchise agreements provide for a payment of initial fees as well as continuing royalties to the Company based on a percentage of sales. Under the master franchise agreement, franchisees are granted the right to operate a territory using the Burrito Bar system for a period of ten years. All initial fees from master franchisees are amortized over the life of the agreement. Under the individual franchise agreement, franchisees are granted the right to single locations using the Burrito Bar system for a period of five years. Under the Company's revenue recognition policy, franchise fees and any corresponding commissions are recognized when the franchisee begins operations. For any franchisees that have not yet begun operations as of year-end, the Company defers both the revenues and commissions. The amount expected to be recognized within the following year is categorized as current, while the remainder is classified as non-current.

BURRITOBAR USA, INC.
NOTES TO THE FINANCIAL STATEMENTS
APRIL 30, 2024, 2023, AND 2022

The Company has estimated the following current and non-current portions of deferred revenue as of April 30, 2024, 2023, and 2022:

	2024	2023	2022
Deferred commissions, current	\$ 48,400	\$ -	\$ -
Deferred commissions, non-current	112,800	-	-
	<u>\$ 161,200</u>	<u>\$ -</u>	<u>\$ -</u>

The Company has estimated the following current and non-current portions of deferred revenue as of April 30, 2024, 2023, and 2022:

	2024	2023	2022
Deferred revenue, current	\$ 218,799	\$ -	\$ 7,333
Deferred revenue, non-current	596,969	67,500	30,000
	<u>\$ 815,768</u>	<u>\$ 67,500</u>	<u>\$ 37,333</u>

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through June 25, 2024, the date on which the financial statements were issued.



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EXHIBIT F
STATE ADDENDA
AND AGREEMENT RIDERS



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[2023-2024 -2025.Master FDD v1F]

STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR BURRITOBAR USA, INC.

The following modifications are made to the BurritoBar USA, Inc. (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20__ (“**Master Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Delaware. When the term “**Supplemental Agreements**” is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Master Franchise Agreement and other documents related to the sale of a franchise. This State Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Master Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Master Franchise Agreement and any Supplemental Agreements.

Notwithstanding the above, no disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD- at least 14 days prior to execution of the agreement.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Business Oversight before we ask you to consider a material modification of your Master Franchise Agreement.

The Master Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, provisions requiring binding arbitration with the costs being awarded to the prevailing party. The

arbitration will occur in Detroit, Michigan. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Master Franchise Agreement or Supplemental Agreements restricting venue to a forum outside the State of California. The Master Franchise Agreement may contain a mediation provision. If so, the parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator's fees.

The Master Franchise Agreement and Supplemental Agreements require the application of the law of the State of Delaware. This provision may not be enforceable under California law.

Neither Franchisor nor any other person listed in Item 2 of the FDD 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.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Master Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Master Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. SEC. 101 et seq.).

The Master Franchise Agreement contains, and if applicable, the Supplemental Agreements may contain, a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Master Franchise Agreement or Supplemental Agreements may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

We do not have a federal registration for one or more of our principal marks. Therefore, such trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

Our website has not been reviewed or approved by the California Department of Business Oversight. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.



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No statement

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, 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 other writing, including fraud in the inducement, or (ii) any exhibit thereto, disclaiming reliance on any statement or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by any the franchisor, or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise seller, or other person acting on behalf disclosure document, including any exhibit thereto; and (d) violations of any provision of this division.

Fee Deferral

The Department of Financial Protection and Innovation has determined that either the franchisor. This provision supersedes any other term of any document executed in connection with has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California Franchisees until we have completed all of our pre-opening obligations and you are open for business.

HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE MASTER FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

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.

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:

None
3. States which have revoked or suspended the right to offer the Franchises are:

None
4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD, Master Franchise Agreement and Supplemental Agreements are amended accordingly.

The governing law or choice of law clause described in the FDD and contained in the Master Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.

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." The Master Franchise Agreement is amended accordingly. To the extent that the Master Franchise Agreement would otherwise violate Illinois law, such Agreement is amended



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by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.

Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act”.

The termination and non-renewal provisions in the Master Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Master Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).

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.

Fee Deferral

Items 5 and 7 of the FDD and the Franchise Agreement are revised to state that payment of all initial fees, including the Initial Franchise Fee and Development Fee, shall be deferred until Franchisor has met its initial obligations to the franchisee and the franchisee has commenced doing business. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

FRANCHISOR:

FRANCHISEE:

BURRITOBAR USA, INC.

Entity name (if any)

By: _____

By: _____

Printed Name: _____

Printed Name: _____



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Title: _____

Date: _____

Title: _____

Date: _____

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Master Franchise Agreement unless there is a material violation of the Master Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The “Summary” column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two (2) years within the Territory.

The “Summary” column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.

The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Master Franchise Agreement in Indiana; other litigation in Detroit, Michigan. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Master Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Master Franchise 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.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Delaware State law applies.



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Despite anything to the contrary in the Master Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Master Franchise Agreement, or Delaware State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Master Franchise Agreement, will supersede the provisions of the Master Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Master Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Master Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Master Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

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.

IOWA

Any provision in the Master Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Master Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three (3) business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten (10) business days following



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receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty (20) days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to BurritoBar USA, Inc., 1120 Finch Avenue West, Suite 301, Toronto, Ontario M3J 3H7, (844) 99-SALSA , or send a fax to BurritoBar USA, Inc. at (844) 99-SALSA not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT AND MASTER FRANCHISE AGREEMENT

Item 17 of the FDD and the Master Franchise Agreement are amended to state: "The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

Item 17 of the FDD and sections of the Master Franchise Agreement are amended to state: "A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise."

The Master Franchise Agreement and Franchise Disclosure Questionnaire are amended to state: "All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

The Master Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).



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[2023--2024 -2025.Master FDD v1F]

The Master Franchise Agreement is amended to remove Section 25(h).

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.

Fee Deferral

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FRANCHISOR:

FRANCHISEE:

BURRITOBAR USA, INC.

Entity name (if any)

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

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 your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this Act. This shall not preclude you, after entering into a Master Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Master 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 us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us 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 (5) years; and (ii) you are prohibited by the Master Franchise Agreement 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 you do not receive at least six (6) months' advance notice of our intent not to renew the Franchise.

(e) A provision that permits us 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 the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us 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 transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

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

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Master Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us 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 us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Master Franchise Agreement and have failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you 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.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

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.

MINNESOTA

Despite anything to the contrary in the Master Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Master Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.
2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Master Franchise 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 Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Master Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Master Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Master Franchise Agreement; and that consent to the transfer of the Franchise will not be unreasonably withheld.



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[2023--2024 -2025.Master FDD v1F]

5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Master Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Master Franchise Agreement and our System Standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Master Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Master Franchise Agreement, to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Master Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Master Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. Item 6 of the FDD and Section 3D of the Master Franchise Agreement is hereby amended to limit the Insufficient Funds Charge to \$30 per occurrence pursuant to Minnesota Statute 604.113.
10. 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 Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A 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~~CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

~~Except as provided~~ With the exception of what is stated above, with regard to the following applies to Franchisor 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~~ 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 ~~ten~~ 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 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), entitled "**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~~ 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 agreement on any grounds available by law.

~~You may terminate the agreement on any grounds available by law.~~



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[2023 --2024 -2025 Master FDD v1F]

5. The following 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~~franchisor or upon the ~~Franchisee~~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, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

Sections of the FDD, the Master Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Master Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Master Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Master Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Master Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Master Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.



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[2023--2024 -2025.Master FDD v1F]

Item 17(r) of the FDD and Sections 7 and 15 of the Master Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Master Franchise Agreement are amended accordingly to the extent required by law.

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.

OHIO

The following language will be added to the front page of the Master Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five (5) business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten (10) business days following the seller's receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to BurritoBar USA, Inc., 1120 Finch Avenue West, Suite 301, Toronto, Ontario M3J 3H7, or send a fax to BurritoBar USA, Inc. at (844) 99-SALSA not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____



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[2023--2024 -2025.Master FDD v1F]

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Master Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Master Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Master Franchise Agreement, the Supplemental Agreements, 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.

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.

SOUTH DAKOTA

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.

VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Master Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for BurritoBar USA, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

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 grounds for default or termination stated in the



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Master Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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.

Fee Deferral

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

WASHINGTON

ADDENDUM TO MASTER FRANCHISE AGREEMENT, ~~FRANCHISE DISCLOSURE QUESTIONNAIRE~~, AND FRANCHISE DISCLOSURE DOCUMENT

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

RCW 19.100.180 may supersede the Master 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 Master Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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 Master 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.

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.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a non-competition 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



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[2023 – 2024 - 2025 Master FDD v1F]

inflation). In addition, a non-competition 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 Master 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 Master 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.

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Master Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Master Franchise Agreement and the Supplemental Agreements are amended accordingly.

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.

(Signatures on following page)



APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Master Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Master Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Master Franchise Agreement.

- | | | | | | |
|--------------------------|------------|--------------------------|--------------|--------------------------|--------------|
| <input type="checkbox"/> | California | <input type="checkbox"/> | Michigan | <input type="checkbox"/> | Rhode Island |
| <input type="checkbox"/> | Hawaii | <input type="checkbox"/> | Minnesota | <input type="checkbox"/> | South Dakota |
| <input type="checkbox"/> | Illinois | <input type="checkbox"/> | New York | <input type="checkbox"/> | Virginia |
| <input type="checkbox"/> | Iowa | <input type="checkbox"/> | North Dakota | <input type="checkbox"/> | Washington |
| <input type="checkbox"/> | Indiana | <input type="checkbox"/> | Ohio | <input type="checkbox"/> | Wisconsin |
| <input type="checkbox"/> | Maryland | | | | |

Dated: _____, 20____

FRANCHISOR:

BURRITOBAR USA, INC.

By: _____

Title: _____

MASTER FRANCHISEE:

By: _____

Title: _____

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[2023 – 2024 - 2025 Master FDD v1F]

EXHIBIT G

**CONTRACTS FOR USE WITH THE
BARRIO BURRITO BAR MASTER FRANCHISE**

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Master Franchise Agreement in the operation of the Master Business. The following are the forms of contracts that BurritoBar USA, Inc. uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.



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[2023 –2024 -2025 Master FDD v1F]

EXHIBIT G-1

BARRIO BURRITO BAR FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims ("Release") is made as of _____, 20__ by _____, a(n) _____ ("Franchisee"), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, "Releasor") in favor of BurritoBar USA, Inc., a Texas corporation ("Franchisor," and together with Releasor, the "Parties").

WHEREAS, Franchisor and Franchisee have entered into a Master Franchise Agreement ("Agreement") pursuant to which Franchisee was granted the right to own and operate a Master Business Barrio Burrito Bar master business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

WHEREAS, as a condition to Franchisor's consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor's consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. Representations and Warranties. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. Release. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the "Released Parties"), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without



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limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party in connection with a third party claim.

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Delaware.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and legal fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require consummating, evidence, or confirm the Release contained herein in the matter contemplated hereby.



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i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.

(Signatures on following page)



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[2023 – 2024 - 2025 Master FDD v1F]

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

By: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 092122



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[2023-2024 -2025 Master FDD v1F]

EXHIBIT G-2

BARRIO BURRITO BAR FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“Agreement”) is entered into by the undersigned (“you” or “your”) in favor of BurritoBar USA, Inc., a Texas corporation, and its successors and assigns (“us,” “we” or “our”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you and your franchise in and/or from the Franchise Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchise Territory (including, but not limited to, the services we authorize), but excludes a ~~Burrito Bar Business~~ master business operating pursuant to a master franchise agreement with us; ~~and (iii) any business that franchises or otherwise licenses businesses offering products or services similar to the items offered by a Burrito Bar Business.~~

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of a Barrio Burrito Bar Business ~~business or master business~~, or the solicitation or offer of a Barrio Burrito Bar franchise or master franchise, whether now in existence or created in the future.

“*Franchisee*” means the Barrio Burrito Bar master franchisee for which you are a manager or officer.

“~~Franchisee~~*Franchise Territory*” means the territory granted to you pursuant to a master franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Barrio Burrito Bar Business ~~master business~~, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our franchise operations ~~manual~~ manuals for the operation of a Barrio Burrito Bar Business ~~business or master business~~, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Barrio Burrito Bar Business ~~business or master business~~, including “BURRITO BAR,” “BARRIO BURRITO BAR,” and any other trademarks, service marks, or trade names that we designate for use by a Barrio Burrito Bar Business ~~business or master business~~. The term “Marks” also includes any distinctive trade dress used to identify a Barrio Burrito Bar Business ~~business or master business~~, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder,

creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce: any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.

“*Restricted Period*” means the two-~~(2)~~-year period after you cease to be a manager or officer of Franchisee’s Barrio Burrito Bar Businessmaster business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “*Restricted Period*” means the ~~nine (9) month~~one-year period after you cease to be a manager or officer of Franchisee’s Barrio Burrito Bar Businessmaster business.

“*Restricted Territory*” means the geographic area within: (i) a 20-mile radius from the Franchise Territory (and including or within the Franchise Territory); and (ii) a ~~two 20~~-mile radius from all other Barrio Burrito Bar Businessesbusinesses or master businesses that are operating or under construction or development as of the beginning of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within a 10-mile radius from Franchisee’s the Franchise Territory and all other Barrio Burrito Bar Business (and including the premisesbusinesses or master businesses that are operating or under construction or development as of the approved locationbeginning of Franchisee)the Restricted Period.

“*System*” means our system for the establishment, development, operation, and management of a Barrio Burrito Bar Businessbusiness or master business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. –As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Burrito Bar Master Business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Barrio Burrito Bar Businessmaster business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Barrio Burrito Bar Businessmaster business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the Restricted Period by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the Restricted Territory. If you engage in any Prohibited Activities during the Restricted Period, then you agree that your Restricted Period will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this Agreement if any member of your immediate family: (i) engages in any Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this Agreement will cause substantial and irreparable damage to us and/or other Barrio Burrito Bar franchisees or master franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable legal fees and costs in doing so.

b. This Agreement will be governed by, construed, and enforced under the laws of Delaware, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

c. Each section of this Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that



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the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this Agreement to ensure that the terms and covenants in this Agreement are enforceable under applicable law.

(Signature on following page)

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

Rev. 120619

EXHIBIT G-3

BARRIO BURRITO BAR FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Agreement”) is entered into by the undersigned (“you”) in favor of BurritoBar USA, Inc., a corporation, and its successors and assigns (“us”), upon the terms and conditions set forth in this Agreement.

1. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Barrio Burrito Bar Master Business” means a business that solicits, screens, recruits and qualifies prospective Barrio Burrito Bar franchisees, sells franchises, and provides ongoing training and support to franchisees, within a designated development territory using our Intellectual Property.

“Copyrights” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Barrio Burrito Bar master franchisees to use, sell, or display in connection with the marketing and/or operation of a Barrio Burrito Bar Master Business, whether now in existence or created in the future.

“Franchisee” means the Barrio Burrito Bar master franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“Intellectual Property” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“Know-how” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of a Barrio Burrito Bar Master Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“Manual” means our franchise operations manual for the operation of a Barrio Burrito Bar Master Business.

“Marks” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of a Barrio Burrito Bar Master Business, including “BURRITO BAR,” “BARRIO BURRITO BAR” and any other trademarks, service marks, or trade names that we designate for use by a Barrio Burrito Bar Master Business. The term “Marks” also includes any distinctive trade dress used to identify a Barrio Burrito Bar Master Business, whether now in existence or hereafter created.

~~“Burrito Bar Business” means a business that restores bathtubs, sinks, showers, tile, countertops, and similar surfaces in homes and businesses and other related products and services using our Intellectual Property.~~

“System” means our system for the establishment, development, operation, and management of a Burrito Bar Business, including Know-how, proprietary programs and products, Manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our

franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Agreement. In order to avoid such damage, you agree to comply with this Agreement.

3. Know-How and Intellectual Property: Non-disclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Barrio Burrito Bar Master Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of BurritoBar USA, Inc. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Agreement will cause substantial and irreparable damage to us and/or other Barrio Burrito Bar franchisees and master franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Agreement are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Agreement.



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7. Miscellaneous.

a. Although this Agreement is entered into in favor of BurritoBar USA, Inc., you understand and acknowledge that your employer/employee, independent contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Agreement and prevail against you, you agree to pay our reasonable legal fees and costs in doing so.

c. This Agreement will be governed by, construed, and enforced under the laws of Delaware, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Agreement.

d. Each section of this Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

Rev. 032916

EXHIBIT G-4

RECURRING PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes BurritoBar USA, Inc. (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Printed Name: _____
Its: _____

Federal Tax ID Number: _____

Rev. 032916

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT



EXHIBIT G-5

BARRIO BURRITO BAR FRANCHISE SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment (“**Agreement**”) is entered into this ____ day of _____, 20____, between BurritoBar USA, Inc., a Delaware corporation, (“**Franchisor**”), _____ a [State] [corporation/limited liability company] (“**Former Master Franchisee**”), the undersigned owners of Former Master Franchisee (“**Owners**”) and _____, a [State] [corporation/limited liability company] (“**New Master Franchisee**”).

RECITALS

WHEREAS, Franchisor and Former Master Franchisee entered into that certain master franchise agreement dated _____, 20____ (“**Former Master Franchisee Agreement**”), in which Franchisor granted Former Master Franchisee the right to operate a Barrio Burrito Bar Master Franchisee franchise located at _____ (“**Master Business**”); and

WHEREAS, Former Master Franchisee desires to assign (“**Requested Assignment**”) the Master Business to New Master Franchisee, New Master Franchisee desires to accept the Requested Assignment of the Master Business from Former Master Franchisee, and Franchisor desires to approve the Requested Assignment of the Master Business from Former Master Franchisee to New Master Franchisee upon the terms and conditions contained in this Agreement, including that New Master Franchisee sign Franchisor’s current form of Master Franchisee agreement together with all exhibits and attachments thereto (“**New Master Franchisee Agreement**”), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Master Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Master Franchisee Agreement (“**Franchisor’s Assignment Fee**”).

2. Assignment and Assumption. Former Master Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Master Franchisee Agreement and all exhibits and attachments thereto from Former Master Franchisee to New Master Franchisee, subject to the terms and conditions of this Agreement, and conditioned upon New Master Franchisee’s signing the New Master Franchisee Agreement pursuant to Section 5 of this Agreement.

3. Consent to Requested Assignment of Master Business. Franchisor hereby consents to the Requested Assignment of the Master Business from Former Master Franchisee to New Master Franchisee upon receipt of the Franchisor’s Assignment Fee from Former Master Franchisee and the mutual execution of this Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Master Franchisee Agreement and waives any obligation for Former Master Franchisee to enter into a subordination agreement pursuant to the Former Master Franchisee Agreement.

4. Termination of Rights to the Master Business. The parties acknowledge and agree that effective upon the date of this Agreement, the Former Master Franchisee Agreement shall terminate and all of Former Master Franchisee's rights to operate the Master Business are terminated and that from the date of this Agreement only New Master Franchisee shall have the sole right to operate the Master Business under the New Master Franchisee Agreement. Former Master Franchisee and the undersigned Owners agree to comply with all of the covenants in the Former Master Franchisee Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Master Franchisee Agreement. Unless otherwise precluded by state law, Former Master Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Master Franchisee Agreement. New Master Franchisee shall execute the New Master Franchisee Agreement for the Master Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of a Barrio Burrito Bar Master Franchisee franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Master Franchisee's Contact Information. Former Master Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Agreement.

7. Acknowledgement by New Master Franchisee. New Master Franchisee acknowledges and agrees that the purchase of the rights to the Master Business ("**Transaction**") occurred solely between Former Master Franchisee and New Master Franchisee. New Master Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to the approval of Requested Assignment and any required actions regarding New Master Franchisee's signing of the New Master Franchisee Agreement for the Master Business. New Master Franchisee agrees that any claims, disputes, or issues relating New Master Franchisee's acquisition of the Master Business from Master Franchisee are between New Master Franchisee and Former Master Franchisee, and shall not involve Franchisor.

8. Representation. Former Master Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Master Franchisee Agreement or Master Business. New Master Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Master Franchisee Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Master Franchisee and New Master Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Agreement, including any and all actions that may be required or contemplated by the Former Master Franchisee Agreement.

11. Affiliates. When used in this Agreement, the term "**Affiliates**" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

BURRITOBAR USA, INC.

By: _____

Printed Name: _____

Title: _____

FORMER MASTER FRANCHISEE:

By: _____

Printed Name: _____

Title: _____

NEW MASTER FRANCHISEE:

By: _____

Printed Name: _____

Title: _____



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[2023-2024 -2025.Master FDD v1F]

EXHIBIT HG-6

BARRIO BURRITO BAR FRANCHISE

SINGLE UNIT FRANCHISE AGREEMENT



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[2023-2024 -2025.Master FDD v1F]

EXHIBIT H
BARRIO BURRITO BAR FRANCHISE
FRANCHISE DISCLOSURE QUESTIONNAIRE



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[2023-2024 -2025 Master FDD v1F]

FRANCHISE DISCLOSURE QUESTIONNAIRE

(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)

As you know, BurritoBar USA, Inc. (“we” or “us”), and you are preparing to enter into a Master Franchise Agreement for the operation of a ~~Burrito Bar franchise~~ Master Franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Barrio Burrito Bar Master Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.

1. Yes__ No__ Have you received and personally reviewed the Barrio Burrito Bar Master Franchise Agreement and each attachment or exhibit attached to it that we provided?

2. Yes__ No__ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?

3. Yes__ No__ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

4. Yes__ No__ Do you understand all the information contained in the Franchise Disclosure Document and Master Franchise Agreement?

5. Yes__ No__ Have you reviewed the Franchise Disclosure Document and Master Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?

6. Yes__ No__ Have you had the opportunity to discuss the benefits and risks of developing and operating a Barrio Burrito Bar Master Franchise with an existing Barrio Burrito Bar Master Franchisee?

7. Yes__ No__ Do you understand the risks of developing and operating a Barrio Burrito Bar Master Franchise?

8. Yes__ No__ Do you understand the success or failure of your Barrio Burrito Bar Master Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?

9. Yes__ No__ Do you understand all disputes or claims you may have arising out of or



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relating to the Master Franchise Agreement must be arbitrated in Delaware, if not resolved informally or by mediation (subject to state law)?

10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your Barrio Burrito Bar Master Franchise to open or consent to a transfer of the Barrio Burrito Bar Master Franchise to you?
11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Barrio Burrito Bar Master Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Master Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Barrio Burrito Bar Master Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
14. Yes__ No__ Do you understand that the Master Franchise Agreement, including each attachment or exhibit to the Master Franchise Agreement, contains the entire agreement between us and you concerning the Barrio Burrito Bar Master Franchise?
15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.



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Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Date _____

Date _____

EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

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EXHIBIT I

BARRIO BURRITO BAR FRANCHISE

STATE EFFECTIVE DATES



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[2023-2024 -2025.Master FDD v1F]

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
Illinois	Pending
Maryland	Pending
<u>Michigan</u>	<u>Pending</u>
Minnesota	Pending
New York	Pending
Virginia	Pending
Wisconsin	August 25, 2023 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.

EXHIBIT J

BARRIO BURRITO BAR FRANCHISE

RECEIPTS



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[2023-2024 -2025.Master FDD v1F]

RECEIPT
(Retain This Copy)

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 BurritoBar USA, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, BurritoBar USA, Inc. must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires BurritoBar USA, Inc. to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If BurritoBar USA, Inc. does 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, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Alex Shtein at 1120 Finch Avenue West, Suite 301, Toronto, Ontario M3J 3H7, (844) 99-SALSA
Jeff Young at 1120 Finch Avenue West, Ste. 301, Toronto, Ontario M3J 3H7, (844) 99-SALSA

Issuance Date: August 24, 20236, 2024

I received a disclosure document issued August 24, 20236, 2024 which included the following exhibits:

- ~~EXHIBIT A STATE AGENCIES AND ADMINISTRATORS~~
- ~~EXHIBIT B MASTER FRANCHISE AGREEMENT~~
- ~~EXHIBIT C TABLE OF CONTENTS OF MANUAL~~
- ~~EXHIBIT D LIST OF MASTER FRANCHISEES~~
- ~~EXHIBIT E FINANCIAL STATEMENTS FOR BURRITOBAR USA, INC.~~
- ~~EXHIBIT F STATE ADDENDA & AGREEMENT RIDERS~~
- ~~EXHIBIT G CONTRACTS FOR USE WITH THE BURRITO BAR MASTER FRANCHISE~~
- ~~EXHIBIT H FRANCHISEE DISCLOSURE QUESTIONNAIRE~~
- ~~EXHIBIT I STATE EFFECTIVE DATES~~
- ~~EXHIBIT J RECEIPTS~~

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Master Franchise Agreement
- Exhibit C Franchise Operations Manual Table of Contents
- Exhibit D List of Current and Former Franchisees
- Exhibit E Financial Statements
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Contracts for use with the Barrio Burrito Bar Master Franchise



Exhibit H
Exhibit I
Exhibit J

Franchise Disclosure Questionnaire
State Effective Dates
Receipts

Date Signature Printed Name

Date Signature Printed Name

Rev. 012417

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



{00159756} BURRITO BAR

{00174536.DOC. }

[2023-2024 -2025 Master FDD v1F]

**RECEIPT
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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Issuance Date: August 24, 2023, 2024

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- ~~EXHIBIT G CONTRACTS FOR USE WITH THE BURRITO BAR MASTER FRANCHISE~~
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- ~~EXHIBIT J RECEIPTS~~

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- Exhibit F State Addenda and Agreement Riders
- Exhibit G Contracts for use with the Barrio Burrito Bar Master Franchise



